

annual report

2007

The Regional Municipality of Durham

Ontario, Canada
for the year ended December 31, 2007





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The Regional Municipality of Durham
Ontario, Canada

for the year ended December 31, 2007

The Regional Municipality of Durham
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Welcome to Durham Region

The Region of Durham is situated in the highly developed economic centre of Ontario, known as the Golden Horseshoe, immediately east of the City of Toronto within the Greater Toronto Area. The Region lies along a continuous urbanized lakeshore and shares prime access to the Great Lakes and northeastern markets of the continent, encompassing an estimated 120 million people. Durham Region is comprised of the Cities of Oshawa and Pickering; the Towns of Ajax and Whitby; the Municipality of Clarington; and the Townships of Brock, Scugog and Uxbridge. Characterized by a series of major lakeshore urban communities contrasting a variety of small towns, hamlets and villages, Durham has a diverse economic base and balanced representation in key sector areas, including advanced manufacturing, agri-business, tourism and energy.

Key Economic Sectors

Automotive	Transportation
Energy and Utility	Education and Health
Advanced Manufacturing	Tourism
Agri-Business	Film

As 'Ontario's Energy Capital,' Durham Region currently has 30% of Ontario's energy generation capacity with significant new generating capacity anticipated to start construction by 2012. The full spectrum of the energy cycle is represented here. Durham is home to companies producing and distributing power; developing new and renewable energy technologies, alternative fuels, manufacturing components and systems; and providing service support to the industry.

With a skilled labour force, transmission capacity and infrastructure, research and development opportunities, and training and educational facilities like Durham College and the University of Ontario Institute of Technology (UOIT), Durham Region represents a major energy cluster in North America.

Durham Region offers balanced growth and livable communities, with thriving downtowns, unique attractions for residents and visitors, vital services, and a sustained urban-rural mix. A business-friendly environment is combined with a high quality of life.

A significant economic factor has been a dramatic increase in residential development. With one of the fastest growing populations in Canada and a forecast population of close to one million people by 2031, Durham Region has become an 'emerging power' in the Greater Toronto Area. High quality municipal services and excellent transportation networks, public utilities, and social, educational and health infrastructures support a mix of urban and rural lifestyles.

Durham Region boasts a myriad of companies that are advancing technologies used in manufacturing, including expertise in materials development, product handling, robotics, engineered assembly systems and bio-tech research.

Durham companies are also conducting research in alternative energy technologies, internet security, robotics and vehicle design. The UOIT partners with businesses to advance industry-driven technology developments and is the host of Centres of Excellence in both automotive and plastics. Durham Region is an ideal location for industrial and commercial innovation.

2007 Population Estimate *(at December 31, 2007)*

Town of Ajax	102,770
Township of Brock	12,545
Municipality of Clarington	83,500
City of Oshawa	149,945
City of Pickering	91,330
Township of Scugog	22,805
Township of Uxbridge	20,760
Town of Whitby	119,440
Durham Region Total	603,095

Source: Durham Region Planning Department



Land Area

2,535 square kilometres (980 square miles)

Durham Region is the largest geographical jurisdiction in the Greater Toronto Area (GTA), stretching from Lake Ontario in the south to Lake Simcoe in the north.

2007 Population Estimate *(at December 31, 2007)*

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Message from the Regional Chair

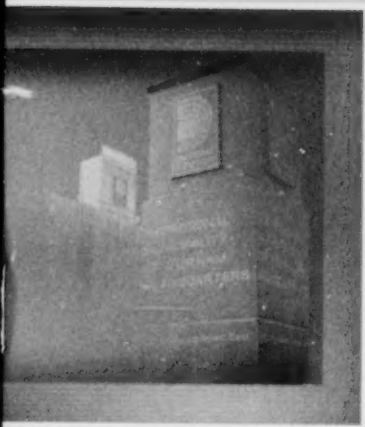


Roger Anderson
Regional Chair

In 2007, the Region remained focused on major challenges, including Solid Waste Management and ensuring adequate infrastructure for growth. I am confident that, given forward-looking actions already initiated, the Region will ensure that these challenges result in significant opportunities for prosperity for the Region over the long term.

Implementation of the Region's Long Term Waste Management Strategy Plan: 2000 to 2020, including increased waste diversion, remains a key objective. With the new Green Bin compost collection program in place, the Region was able to reach the residential waste diversion target of 50 percent by the end of 2007. The Region added to this success with the launch of a partnered program for plastic bag recycling and reusable shopping bags, in co-operation with major grocers. A new state-of-the-art Material Recovery Facility in the Town of Whitby significantly enhanced the recycling program and material quality, resulting in increased prices available for recyclable materials destined for end-use markets.

The Environmental Assessment (EA) process for an energy-from-waste facility (EFW), in partnership with York Region, continues with extensive public consultation. In January 2008, Regional Council accepted the recommended EFW site in the Municipality of Clarington and also approved a short-list of vendors qualified to participate in the 2008 Request for Proposals (RFP) process. Regional Council also



committed to ensuring that emissions control technologies for a Regional EFW will meet or exceed the European Union monitoring and measurement standards, while striving for a target rate of 70 percent residential waste diversion by the end of 2010. The next steps in the EFW process include site and technology specific human health and ecological risk assessment and the RFP process.

The Region is also focused on ways to implement the Provincial Growth Plan, while ensuring future infrastructure can accommodate forecast growth in the Region of Durham. An integrated and efficient transportation network is key to future success, and the Region continues to make significant investment in the roads network with major projects, including expansions, rehabilitation and bridge replacements. The Regional transit network is also vital. Total ridership reached 7.6 million for 2007. I am also proud to report that the Regional transit fleet is now 49 percent accessible, with increased energy efficiency. These improvements will continue as older buses are replaced.

Water supply and sanitary sewerage infrastructure has also required substantial investment to accommodate the future. The largest facility constructed by the Region, the Courtice Water Pollution Control Plant, was officially opened in May 2008. This \$164 million wastewater treatment system replaces the capacity of an older plant and will also service new development planned for the Municipality of Clarington, the City of Oshawa and the Town of Whitby.

It is clear that 2007 marked major milestones for the Region of Durham. I am confident that these new major infrastructure decisions and investments will provide a firm foundation for the future health and prosperity of our community, our environment and our economy.

Roger Anderson
Regional Chair

Message from the Chief Administrative Officer



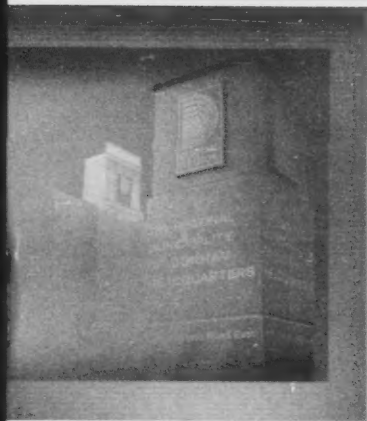
Garry H. Cubitt, M.S.W.
Chief Administrative Officer

In 2007, the Region moved forward on key aspects of its Community Strategic Plan and Transportation Master Plan, including transportation demand management services to promote sustainable transportation. The "Smart Commute Durham" program, for example, focuses on outreach, transit promotion and educational activities, carpooling and other complementary measures.

Throughout the year, the Region continued to make significant inroads on all of the objectives in Durham's Community Strategic Plan. The objectives of the plan include: strengthening and integrating our transportation system; ensuring balanced growth and livable communities; protecting the environment; supporting safe, healthy and caring communities; building the Region's economy; and increasing partnerships and government effectiveness. Regional Council was provided with a progress report within the Growing Together: Durham's Community Strategic Plan, Annual Update, July 2007.

Protecting the environment is a growing and important corporate focus for the Region and "green" policies continue to be initiated. In 2007, a staff report led to the development of a Roundtable on Climate Change, which will educate and advise both the Region and the community at large on issues affecting the climate. The roundtable will provide a range of suggestions so that the Region can take necessary actions to both reduce and adapt to climate change.





These initiatives will add to "green" programs already in place, including initiatives discouraging single occupancy vehicle trips (Smart Commute); improved transit services; the protection of natural heritage features; policies on fleet vehicle idling; and the promotion of compact urban development through Official Plan policies.

Other corporate policies enhanced in 2007 included those focusing on integrity, accountability, transparency, accessibility and respect for diversity. In 2007, I was directed by Regional Council to facilitate the development of a comprehensive Integrity/Ethics Policy and Program. This will allow expansion of existing Regional policies and practices, including confidentiality and conflict of interest practices and Durham's code of ethics, conduct and behaviour.

The Region also struck a Diversity Committee to coordinate the development of a Regional Diversity Strategy, which would not only enhance existing initiatives, but develop new opportunities. One of the goals for the strategy will be to contribute to the current and future integration of new immigrants.

The Regional Municipality of Durham's Accessibility Report for 2007 and Accessibility Plan for 2008 was also adopted. The plan reviews the progress made to date and introduces new initiatives to eliminate barriers, including attitudes, technology, policies, procedures, and those relating to physical accessibility.

It is with great pride that I note that 2007 was a year of significant action with respect to policy development and implementation and improvements in service delivery. Our dedicated Regional employees remain keen in continually seeking and implementing corporate improvements that will ensure the highest quality of service for residents.

Garry H. Cubitt M.S.W.
Chief Administrative Officer

Region of Durham

Regional Council

Purpose

Regional Council provides leadership and direction to Regional administrative staff, who ensure citizens have access to adequate and efficiently delivered Regional services and infrastructure.

Composition

Legislative responsibility for the Regional Corporation is vested in the Regional Council, comprised of a Chair plus 28 Regional Councillors.

The composition of Regional Council is designed to achieve balanced representation for the eight Local Area Municipalities of the Region. The Mayors of the Local Area Municipalities, by virtue of their office, are also Regional Councillors, while other election candidates must declare candidacy for either a combined Regional and Local, or strictly Local office. Regional Councillors elected in November 2006 will serve a four year term to November 2010.

Regional Chair

The Regional Chair is an ex-officio member of each Regional Standing Committee. The Regional Chair is the head of Regional Council and is the Chief Executive Officer of the Regional Corporation.

The Regional Chair presides over all meetings of the Regional Council. An important function of the Regional Chair is to promote and advance the Regional position. As part of this position, the Regional Chair meets regularly with representatives and residents to ensure they are aware of issues and actions within Durham Region, and to also understand their concerns.

Appointments to Agencies, Boards and Committees (2006-2010)

Regional Council makes appointments to outside agencies that provide services to residents of Durham Region. Regional Councillors chair or provide membership on the following committees and outside agencies:

- Accessibility Advisory Committee
- Durham Agricultural Advisory Committee
- Joint Waste Management Group for the Durham/York Residual Waste Study
- Durham Environmental Advisory Committee
- Brock Township Landfill Public Liaison Committee
- Credit Valley/Toronto/Central Lake Ontario Source Protection Committee
- Durham Region Roundtable on Climate Change
- Glen Major Forest and Walker Woods Stewardship Committee
- Greater Toronto Airports Authority
- Highway 407 East Environmental Assessment Study Community Advisory Group
- Land Division Committee
- Local Diversity and Immigration Partnership Council
- Trent-Conservation Coalition Source Protection Committee
- Business Advisory Centre Durham
- Canadian National Exhibition Association



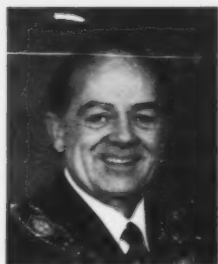
- Central Lake Ontario Conservation Authority
- Ganaraska Region Conservation Authority
- Kawartha Region Conservation Authority
- Lake Simcoe Region Conservation Authority
- Toronto & Region Conservation Authority
- Durham Region Non-Profit Housing Corporation
- Durham Regional Local Housing Corporation
- Durham Regional Police Services Board
- 9-1-1 Management Board
- Development Charges Complaint Committee
- Duffins Creek and Carruthers Creek Watershed Resource Group
- Durham Advisory Committee on Homelessness
- Rouge Park Alliance
- GTA Agricultural Action Plan
- Greater Toronto Marketing Alliance
- Greater Toronto Transit Authority (GO Transit)
- Durham Region Child and Youth Advocate
- Greater Toronto Transportation Authority (GTTA) METROLINX
- Durham Trail Co-ordinating Committee
- Transit Advisory Committee

For additional information on the membership and responsibilities of these Boards, Committees and/or Authorities, please visit the Regional website at www.region.durham.on.ca or contact the Region at 905-668-7711 or toll free at 1-800-372-1102.



Region of Durham

Regional Council 2006-2010



Roger Anderson
Regional Chair



Mayor Steve Parish
Town of Ajax



Regional Councillor
Scott Crawford
Town of Ajax



Regional Councillor
Colleen Jordan
Town of Ajax



Mayor Larry O'Connor
Township of Brock



Regional Councillor
April Cullen
City of Oshawa



Regional Councillor
John Henry
City of Oshawa



Regional Councillor
Joe Kolodzie
City of Oshawa



Regional Councillor
Robert Lutczyk
City of Oshawa



Regional Councillor
John Neal
City of Oshawa



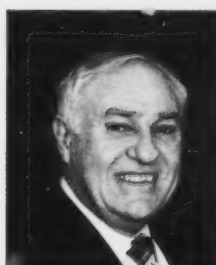
Regional Councillor
Bill McLean
City of Pickering



Mayor Marilyn Pearce
Township of Scugog



Regional Councillor
Jim McMillen
Township of Scugog



Mayor Bob Shepherd
Township of Uxbridge



Regional Councillor
Howie Herrema
Township of Uxbridge



Regional Councillor
John Grant
Township of Brock



Mayor Jim Abernethy
Municipality of Clarington



Regional Councillor
Mary Novak
Municipality of Clarington



Regional Councillor
Charlie Trim
Municipality of Clarington



Mayor John Gray
City of Oshawa



Regional Councillor
Brian Nicholson
City of Oshawa



Regional Councillor
Nester Pidwerbecki
City of Oshawa



Mayor Dave Ryan
City of Pickering



Regional Councillor
Rick Johnson
City of Pickering



Regional Councillor
Bonnie Little
City of Pickering



Mayor Pat Perkins
Town of Whitby



Regional Councillor
Joe Drumm
Town of Whitby



Regional Councillor
Gerry Emm
Town of Whitby



Regional Councillor
Don Mitchell
Town of Whitby

Durham Region and Local Area Municipalities

Our system of government consists of two tiers. The Regional Municipality of Durham is the first level, the upper tier, and the eight local area municipalities constitute the second level, or lower tier. The two-tiered system is designed to retain closeness to the people, while permitting a Region-wide approach to development and infrastructure.

Local area municipal councils have responsibility for the following service areas:

- Local planning;
- Local roads, storm sewers and sidewalks on local roads;
- Fire protection;
- Parks and recreation;
- Property tax billing and collection;
- Building inspection and permits;
- Licencing; and,
- Garbage and yard waste collection (in two local area municipalities, the City of Oshawa and the Town of Whitby).

The Regional Municipality of Durham was created on January 1, 1974, as a Regional Government in the Province of Ontario, under *The Regional Municipality of Durham Act, 1973*. The Act provided for the formation of the eight local area municipalities (The Cities of Oshawa and Pickering, the Towns of Ajax and Whitby, the Municipality of Clarington, and the Townships of Brock, Scugog and Uxbridge).

As issues continue to increase in complexity, and blend in terms of jurisdictional responsibility, and as resources remain limited, municipalities are increasing their efforts to work together, and with others, to provide required services.

The Regional Corporation has responsibility for the following service areas:

- Police services and Emergency 9-1-1 telephone system;
- Delegated authority for local area municipal Official Plans and Amendments;
- Water supply, treatment, distribution and billing;
- Sewage collection, treatment and billing;
- Main arterial roads, traffic lights and controls, and storm sewers on Regional roads;
- Borrowing of money for capital expenditures of upper and lower tier municipalities;
- Economic development and tourism;
- Public health;
- Emergency medical services;
- Social services, including child care, long-term care and services for seniors, family counselling, social housing and Ontario Works Programs;
- Provincial offences court, prosecution services and the administration and collection of fines;
- Solid waste management including diversion, recycling, promotion and education, waste collection (in six local area municipalities), processing and disposal;
- Strategic land use planning and subdivision/condominium approvals;
- Property taxation policy;
- Transit services; and,
- Emergency measures.

Regional Administration Management and Reporting Structure

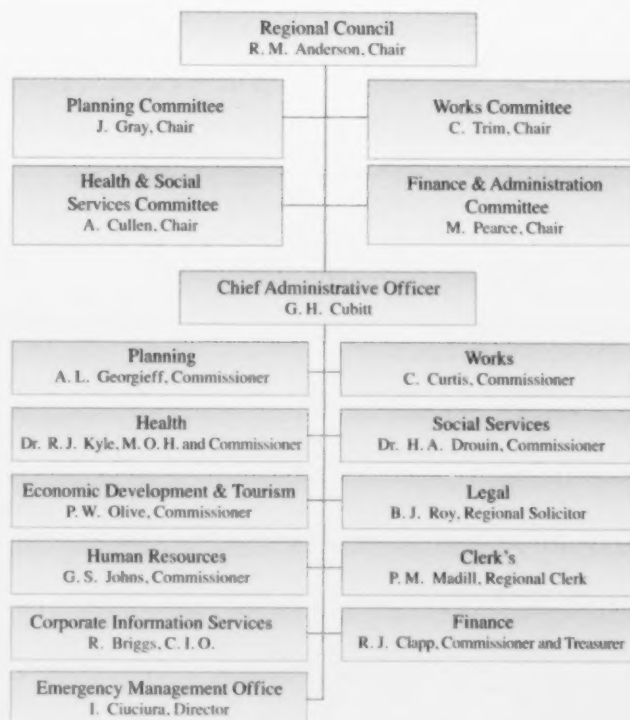
The Chief Administrative Officer (CAO) is the most senior staff person in the Regional Corporation and reports to Regional Council. Appointed by Regional Council, the CAO ensures the implementation of Regional Council direction and policy and is responsible for the overall management of the Regional organization.

Regional Department Heads report to the CAO, who ensures coordination between Departments and with any relevant outside agencies. Under the direction of the CAO, Department Heads report to Regional Council through the Committee structure.

Regional Council established four Standing Committees, each comprised of seven Councillors and the Regional Chair. As shown in the chart, the four Standing Committees of Regional Council are:

- The Planning Committee;
- The Finance and Administration Committee;
- The Health and Social Services Committee; and,
- The Works Committee.

Often, issues requiring deliberation will involve the jurisdiction of more than one of the Region's Standing Committees. In these cases, joint committees are formed, involving two or more Standing Committees.



2007 Standing Committee Highlights

The following represents only select lists of specific matters that were brought before Regional Council during 2007, after consideration at the Standing Committee level. For more information on any of these matters, please contact the Region at 905-668-7711 or toll free at 1-800-372-1102.

Planning Committee

- Community Strategic Plan – Environmental Achievements Strategy
- Global Warming Advisory Committee
- Oak Ridges Moraine Conservation Plan Watershed Planning Studies
- Growth Plan for the Greater Golden Horseshoe
- Planning Act Reforms
- Smart Commute Durham – Transportation Demand Management
- Durham Region Roundtable on Climate Change
- Regional Trail Network Implementation Strategy
- Provincial Greenbelt Plan

Works Committee

- Brock Township Landfill Remedial Action Plan
- Taunton Road Capital Improvement Projects
- Pickering and Clarington Emergency Medical Services' Facilities
- Durham/York Residual Waste Management Environmental Assessment

- Landfill Gas and Water Monitoring Program
- Source Water Protection Program
- York/Durham Duffin Creek Water Pollution Control Plant Expansion
- Wilmot Creek Community Regional Waste Collection
- Construction of the Oshawa Water Supply Plant Upgrades

Finance and Administration Committee

- Annual Five-year Economic and Financial Forecast
- Regional Business Plans and Property Tax Budgets
- Long-term Strategic Property Tax Plan for the Region of Durham
- Accountability Framework for Conservation Authorities
- Provincial Mandatory Business Protection Program
- Durham Community Strategic Plan
- Transportation Accessibility Standard
- Municipal Performance Measurement Program
- Development Charges Review Process

Health and Social Services Committee

- Family Services Durham's Partner Assault Program
- Emergency Medical Services Dispatch Services Study
- Regulation of Pesticide Use
- Future Plans for Rebuild of Fairview Lodge 198-bed Long-term Care Facility



- Healthy Babies Healthy Children Program
- Equal Access to Dental Screening and Care in Schools
- Durham Region Homelessness Initiative
- 2007/2008 Child Care Management Plan/Best Start Community Plan
- 2007 National Child Benefit Reinvestment Plan
- Aging Population and Caregiver Support

The following represents select matters brought before Regional Council during 2007 after consideration by Joint Committees and the Durham Region Transit (DRT) Commission.

Joint Committees

- Highway 407 East Completion Environmental Assessment Process
- Annual Regional Roads Servicing and Financing Study
- Annual Review of Regional Housing Programs
- Central Pickering Development Plan (Seaton)
- Annual Solid Waste Management Servicing and Financing Study
- Annual Transit Servicing and Financing Study
- Energy-From-Waste (EFW) Project – Preliminary Business Case
- Asset Management
- AMO Principles and Strategic Considerations for Social Housing in Ontario

- Provincial Clean Water Act and Regulations
- Regional Cycling Plan Study
- Financing Plan for Development of Affordable Housing Rental Units
- Land Acquisition Funding Policy
- Annual Water Supply and Sanitary Sewerage Servicing and Financing Study

Durham Region Transit (DRT) Commission

With the transfer of transit services responsibility from the local area municipalities to the Region of Durham, the Durham Region Transit (DRT) Commission was established in 2006, consisting of all members of Regional Council. In 2007, the DRT Commission dealt with transit matters, including:

- Scheduling Software for DRT
- Procurement of New Buses Under the Provincial Joint Procurement Process
- Durham Region Transit Commission Structure
- Ontario Bus Replacement Program
- Durham District School Board Bus Pass Pilot Program
- Bus Rapid Transit

Durham's Community Strategic Plan

Growing Together

The Community Strategic Plan (CSP) was developed to incorporate a broad community vision into specific objectives and strategic actions. The Plan is an umbrella document and other plans, policies and strategies support the CSP, as well as take direction from it.

The theme for Durham's CSP is "Growing Together." This theme conveys two meanings: the anticipated growth of Durham's communities and our commitment to partnership – working together with our citizens, community organizations, businesses and other levels of government to achieve our community vision.

Community Vision

Durham will be a united group of vibrant and diverse communities recognized for their leadership, community spirit and exceptional quality of life.

Corporate Mission

To meet the needs of our citizens through leadership, cooperation and service excellence.

Corporate Values and Operating Principles

- Leadership
- Respect, Professionalism, Trust and Integrity
- Teamwork, Cooperation and Partnerships
- Accountability
- Sound Fiscal Management
- Responsive to Changing Needs
- Public Awareness and Accessibility
- Quality
- Continuous Learning and Improvement

Strategic Community Objectives

Transportation To strengthen and integrate the transportation system so that people can move easily around the Region and access other parts of the Greater Toronto Area and beyond.

Environment To protect and enhance the environment to ensure that there is excellent water, clean air, and enhanced and valued green spaces, environmental features and waterfronts.


Balanced Growth and Livable Communities To ensure balanced growth and livable communities which are proud of their heritage, have thriving downtowns, appropriate services and a sustained urban-rural mix.

Safe, Healthy and Caring Communities To support safe, healthy and caring communities in which people enjoy an exceptional quality of life, feel safe, and are supported by accessible and sustainable community facilities and services.

Economy To build the Region's economy and support the development of a highly diversified economic base and employment opportunities for those with advanced skills.

Partnerships and Government Effectiveness To increase partnerships and government effectiveness so that citizens receive services and communities sustain their unique identities while working cooperatively together.

Durham's citizens expect accessible, accountable and responsive government. The annual update report on the status of the actions identified in the CSP went before Regional Council in July, 2007.



The Community Strategic Plan

was developed to incorporate a broad community vision into specific objectives and strategic actions.



Transportation



Environment



Balanced Growth

STRATEGIC OBJECTIVES

Durham's Community Strategic Plan



Government
Effectiveness

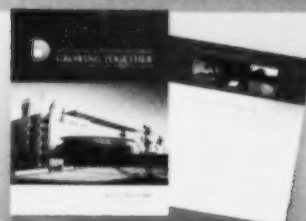


Economy



Caring
Communities

The brochure, "Growing Together, Durham's Community Strategic Plan: Annual Update 2007," is available on the Regional website at www.region.durham.on.ca or by calling the Regional Headquarters at 905-668-7711 or toll free 1-800-372-1102.



Our Communities: United, Vibrant and Diverse

Town of Ajax

Population: 102,770
Area: 68 sq. km. (26 sq. miles)
www.townofajax.com



The Town of Ajax is a thriving community embracing an active, modern lifestyle, while preserving a rich history. The Town was named after a famous Second World War fighting ship, and the original ship's bell still rings to call Municipal Council meetings to order. Ajax is one of the fastest growing communities in Ontario and, as the first municipality in Ontario to achieve an ISO 9001 designation, municipal staff can respond effectively to the needs of residents and members of the vibrant business community.

The Town's retail sector includes a regional shopping centre at Harwood Ave. N. and Highway 2 and many unique shopping experiences, such as Pickering Village. As a rapidly growing community, Ajax includes a mix of established and new neighbourhoods. Residents enjoy a rich natural heritage, including waterways such as the Duffins and Carruthers Creeks, an extensive trail system and the permanently preserved Lake Ontario shoreline, featuring six kilometres of parkland and natural areas.

The Town strives to be a leader in environmental initiatives and has constructed a new Fire Hall Headquarters and training facility, which is a Gold LEED certified building – the first in Durham Region.

A new Highway 401 interchange at Salem Road now provides direct access to the 1,000 acre Carruthers Creek Employment Properties. As a direct result of the new interchange, the Town has attracted over \$100 million in new business investment and close to 1,000 new jobs.

Township of Brock

Population: 12,545
Area: 426 sq. km. (164 sq. miles)
www.townshipofbrock.ca



Deemed Ontario's small-mouth bass capital, the Township of Brock provides a pastoral getaway and quaint countryside delights with century-old architecture for visitors to enjoy. Located on the scenic shoreline of Lake Simcoe and the Trent-Severn Waterway, this family-friendly community abounds with all-season fishing and recreational opportunities. It encompasses the communities of Beaverton, Cannington and Sunderland. It is also home to some of the Region's most interesting heritage buildings, fall fairs and festivals, and antique and craft shopping.

Brock's maple syrup production is also celebrated each spring when Sunderland hosts its maple syrup festival. Quaint shopping districts in Brock's villages, and the friendliness and warmth for which the area is known, will demonstrate why Brock is referred to as the "Community with a Heart."

Brock's key industries are aggregates, glass production, rope and lace manufacturing, metal fabrication, jewelry and badge mounts, and acoustical components. There are industrial parcels available within the Township for development.



Municipality of Clarington **Clarington** *Leading the Way*

Population: 83,500
Area: 613 sq. km. (237 sq. miles)
www.clarington.net

As the eastern gateway to the Greater Toronto Area, the Municipality of Clarington is proud to be home to more than 1,200 commercial enterprises of remarkably diverse sizes and types. The Clarington Board of Trade, formed in June 1998, works in partnership with the Municipality to ensure continued economic prosperity. Attractive industrial land costs and a quality lifestyle make it easy to recruit skilled employees and expand the economic base.

One of the Region's largest employers, Ontario Power Generation's Darlington Nuclear Generating Station is located in Clarington, and produces enough electricity to serve a city of two million. Darlington also has extensive wildlife refuges/sanctuaries that have been recognized by the World Wildlife Council of Canada and the World Wildlife Federation.

The Municipality has a breathtaking shoreline, a 17-kilometre stretch of the Waterfront Trail, and is very proud of its farming communities, hamlets and major population centres, including Courtice, Bowmanville, Newcastle Village and Orono Village.

Historic downtown shopping districts, along with modern retail blocks, flea markets, a local farmers' market and auctions co-exist with a beautiful countryside.

Go wild or tranquil in Clarington. A community where town and country come together!

City of Oshawa

Population: 149,945
Area: 147 sq. km. (57 sq. miles)
www.oshawa.ca



Oshawa is an award-winning, thriving community that is experiencing tremendous growth in all sectors and has gained international recognition as a vibrant and progressive community. Oshawa has received numerous awards, including a "gold" award at the 2007 International Awards for Liveable Communities, "Top 10 Places to do Business" and more.

The City is home to the General Motors of Canada Headquarters, their award-winning Autoplex and the Canadian Regional Engineering Centre. Today's Oshawa is evolving from a manufacturing-based community to one that is diversified in all sectors. Major contributions include Durham College and the University of Ontario Institute of Technology (UOIT).

Downtown Oshawa has been identified as a priority urban centre under the Province's "Places to Grow Growth Plan." With an Action Plan that is being aggressively implemented, Oshawa's downtown core is experiencing a renaissance as new businesses continue to appear and long-time businesses make dramatic improvements to their existing facilities.

The City offers first-class recreational facilities and leading-edge health and education facilities. New investments are positively impacting the downtown including, the General Motors Centre - Durham Region's premier sports and entertainment venue; the construction of the Durham Consolidated Courthouse (opening in 2009); Parkwood Residences; Canvas Community Condominiums; and, the arrival of UOIT's Faculty of Education. The restoration of the Regent Theatre, set to open in late 2008, will host many cultural events.

Our Communities: United, Vibrant and Diverse

City of Pickering

Population: 91,330
Area: 232 sq. km. (90 sq. miles)
www.cityofpickering.com



The City of Pickering is proud to be the first municipality in Ontario to create an Office of Sustainability. One of the key roles of this office is to oversee the City's Sustainable Pickering journey. Sustainable Pickering is a better way of doing business, requiring the City to integrate economic, social and environmental objectives to achieve a distinctive community that is a desired place to live, work, invest and raise a family. In 2008, the City of Pickering was awarded the prestigious FCM-CH2M HILL Sustainable Community Award in planning, in recognition for its leadership role in sustainability.

Already recognized as a major energy centre, Pickering is home to Ontario Power Generation, Wardrop Engineering, Intellimeter Canada Inc., Eco-Tec Inc., Crossby Dewar, Hubbell Canada and Black & McDonald. Veridian Centre, in the city's downtown core, includes Veridian's consolidated billing and call centre. The City of Pickering has been identified as a priority urban area under the Province's "Places to Grow Growth Plan."

Pickering's appeal is as diverse for residents and tourists as it is for business, including recreational opportunities from the Seaton Hiking Trail, the Waterfront Trail and Frenchman's Bay, and the pastoral rolling hills that grace the north. Celebrations, festivals and shopping opportunities abound in Pickering with specialty shops, markets and modern malls.

Township of Scugog

Population: 22,805
Area: 478 sq. km. (185 sq. miles)
www.township.scugog.on.ca

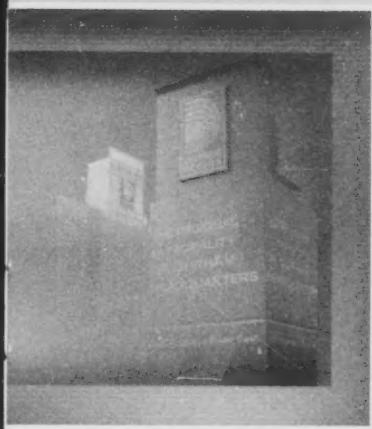


The Township of Scugog is one of the Region's popular tourist destinations. Port Perry, its major urban centre, tempts visitors with a charming, historic downtown and specialty shopping district. Several hamlets and villages make for breathtaking sightseeing. Summers sizzle with various festival days, agricultural fairs and farm markets.

The Township provides fabulous venues for rowing, boating, fishing and snowmobiling. You can gamble on some serious fun at the Great Blue Heron Charity Casino on the First Nations Mississauga Indian reserve on Scugog Island. For a taste of culture, Port Perry's historic former Town Hall is the site for music and theatre. The Kent Farndale Gallery holds art shows year-round and the Scugog Shores Museum hosts festivals and seasonal events.

The Nonquon Wildlife Area offers hiking, canoeing, and one of the best birding habitats in the Greater Toronto Area. Each summer Scugog hosts the traditional "Canoe the Nonquon" competition.

Scugog's primary industries include agriculture, manufacturing, roof trusses, restorative and aftermarket automotive parts companies, world-renowned motorcycle exhausts and state-of-the-art audio systems. North Port Industrial Park, Reach Industrial Park and Success Industrial Park have zoned acreage ready for development.



Township of Uxbridge

Population: 20,760
Area: 424 sq. km. (164 sq. miles)
www.town.uxbridge.on.ca



History and the arts attract people to Uxbridge, as does its quaint shopping district. Architecturally and historically significant homes, churches and buildings, are a draw for both residents and visitors, including the Byzantine style Thomas Foster Memorial, and Leaskdale Manse, the former homestead of Lucy Maud Montgomery. The Uxbridge-Scott Heritage Centre displays historic artifacts in eight beautifully preserved buildings. In 1996, Uxbridge celebrated the grand opening of the York-Durham Heritage Railway, including a fully restored rail station where travellers can board the nostalgic train, and enjoy the scenic ride between Uxbridge and Stouffville. The Township is a haven for patrons of the arts and many award-winning artists, authors, musicians, actors and sculptors.

Celebrate Celtic traditions at the annual Highlands of Durham Games each summer. Enjoy skiing at local hills, and some of the Region's elite golf courses while in Uxbridge.

Uxbridge's economic sectors include: aggregates and concrete products, nursery stock, metal recycling, food processing, auto-parts manufacturing, automation testing equipment, woodworking and printing. The Uxbridge Industrial Park, Parrott Road Industrial Park and other industrial parcels are potential development lands. New development offers excellent commercial opportunities.

Town of Whitby

Population: 119,440
Area: 147 sq. km. (57 sq. miles)
www.whitby.ca



Revitalization, downtown improvements and new business investment make downtown Whitby an important business district. The Town of Whitby has spent \$25 million expanding cultural facilities over the past five years. The result is magnificent facilities for residents, including the Central Library and the Station Gallery. The private sector also contributes to downtown, the cultural heart of Whitby. There are 33 full-service restaurants and pubs, entertainment and cultural venues, and 14 private culture providers, including theatres, dance studios, commercial art galleries, music schools and the Whitby Historical Museum.

Recent population surges were accompanied by an increase in retail and entertainment development projects, including the Whitby Entertainment Centrum and the Thickson Road/Highway 401 Power Centre. Iroquois Park Sports Centre in Whitby is Canada's largest municipal-owned recreation facility, hosting major tournaments and events.

Whitby's six-kilometre stretch of the Waterfront Trail forms a picturesque shoreline for recreation and conservation. With theatres, galleries, sports, festivals and extensive shopping choices, it is difficult to choose from the rich kaleidoscope of activities. Whitby also hosts a strong, diversified industrial sector, including plastics, packaging, pharmaceuticals, steel, telecommunications, technology and automotive. Industry benefits from affordable and available serviced industrial land and a young and skilled labour force.

Durham Region: Committed to Performance Measurement

A Commitment to Performance Measurement

The objectives of performance measurement are to improve service delivery, share best practices within and amongst municipalities, and increase taxpayer awareness. These objectives are shared by the Region of Durham and are reflected in its long-standing commitment to service excellence and financial strength. The Region has established practices of developing and reporting performance measures as part of the annual Business Planning and Budget process. The Region of Durham's commitment to financial excellence has been rewarded by the achievement of the highest credit ratings.

Municipal Performance Measurement Program

The Province's Municipal Performance Measurement Program (MPMP) was introduced in 2000 to enhance accountability and requires mandatory reporting by all Ontario municipalities.

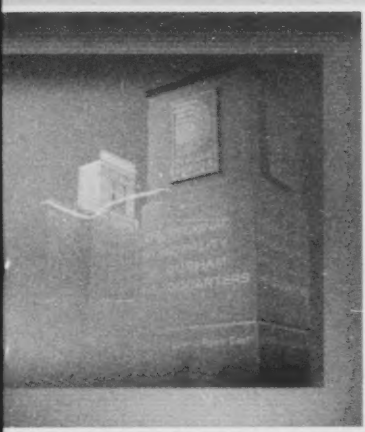
The 2006 MPMP results (the latest available), including detailed narratives, are available on the Region's website or by contacting the Region. The MPMP data is collected at a high level and, as a result, the reasons for a particular trend needs to be considered carefully prior to reaching conclusions on a service area.

The MPMP measures permit internal comparison year-over-year, and are not necessarily suitable for direct comparisons across different municipalities.

Ontario Municipal CAO's Benchmarking Initiative

The Ontario Municipal CAO's Benchmarking Initiative (OMBI) is a collaboration of 15 Ontario municipalities that represent 9.1 million citizens or 75% of the population of the Province. The initiative is led by the Chief Administrative Officers (CAOs) and City Managers in each participating municipality and fosters a culture of service excellence in municipal government. It does this by creating new ways to measure, share and compare performance statistics and allows service experts in the participating municipalities to share ideas on operational best practices. By working collaboratively with the other OMBI municipalities through this initiative, the Region of Durham has been able to address the growing demand for greater accountability and transparency in the planning and delivery of municipal services and programs.

November 2007 marked the release of the "2006 Performance Benchmarking Report: Partnering for Service Excellence" prepared by OMBI. The goal of the report is to provide information to be used to investigate new opportunities for learning, operational improvements and help guide decisions about the allocation of resources in the delivery of programs and services to residents. The 2006 report builds on the inaugural 2005 report by providing information on additional programs and services, as well as two years of data to reflect year-over-year changes in each municipality. The report highlights 16 service areas, focusing on services that municipalities have in common, while recognizing that there are characteristics that make each municipality distinct. Durham is identified in 9 of the service areas presented in the report, with the balance of the services provided by local or single tier municipalities.



Some examples of 2006 comparative performance measurement results contained in the report are as follows:

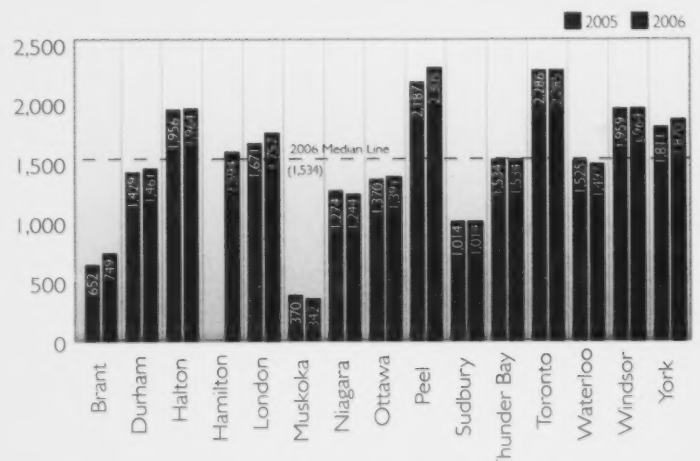
Roads

This graph compares the number of kilometres traveled by all vehicles in a year per lane kilometre of major roads (in thousands) in each municipality (intensity of usage). Municipalities with higher results for this measure are more likely to have issues with congestion on some major roads (arterial, collector and expressways).

Intensity of usage for 2006 on major roads in Durham grew by over 2% since 2005. This trend is expected to continue for Durham if residential development continues at current rates which exceed the rate of expansion of the Regional Road network.

The number of vehicles on the roads can be affected by geographic size, population density, the type of road the municipality operates (e.g., arterial, collector or local roads, and in some cases, expressways), availability of public transit, average commute distances (e.g., from home to work or school) and volume of traffic coming from outside the municipality.

Vehicle Km Traveled per Lane Km
On Major Roads ('000's)



Note: Hamilton data unavailable for 2005. Also engineering studies on traffic volumes were not conducted in Sudbury and Thunder Bay in 2006.



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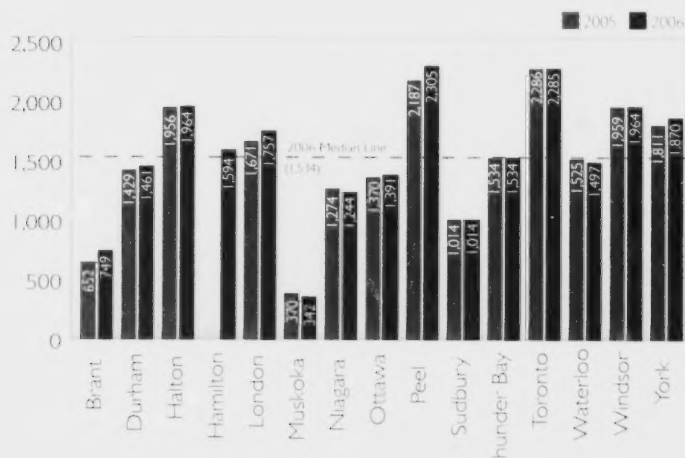
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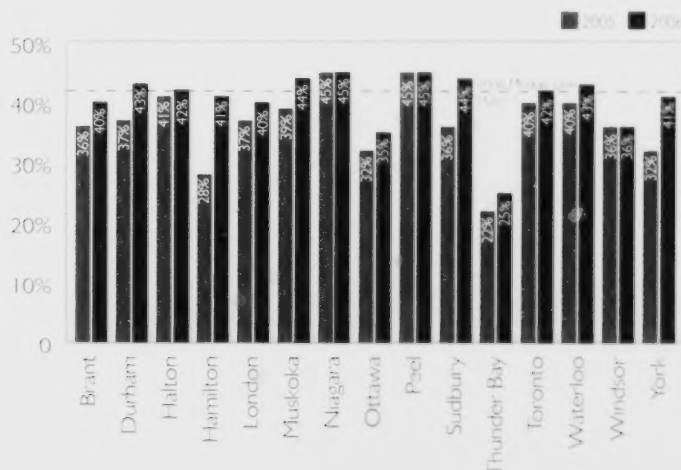
Durham Region: Committed to Performance Measurement

Solid Waste Management

This graph compares the percentage of residential solid waste diverted from landfill sites in 2005 and 2006. The height of the bar indicates the percentage of waste recycled and diverted or kept out of landfill sites. A number of factors affect how much waste is diverted from landfill:

- How a municipality manages and enforces its garbage collection and recycling program;
- The rate of public participation in recycling activities;
- The number of diversion programs;
- Seasonal residents or tourists and their participation in diversion programs;
- The number of daily newspapers published in a municipality;
- The mix of single-family homes versus multi-unit residential buildings, where recycling is more difficult;
- The availability of end markets for recyclables; and
- Infrastructure capacity of processing facilities.

Percentage of Residential Solid Waste Diverted



In 2006, Durham diverted 43% of residential waste through source separated organics, blue box, and leaf and yard waste programs. Other programs include backyard composting, household hazardous and special waste events, community recycling centres and depots. The 2006 figure was a 6% increase compared to the 2005 diversion rate of 37%. The 2007 OMBI Report, anticipated to be released in late 2008, will reflect the successful implementation during mid-2006 of a number of major waste diversion programs which allowed the Region of Durham to move towards its goal of 50% or more residential waste diversion (a target achieved by the end of 2007).

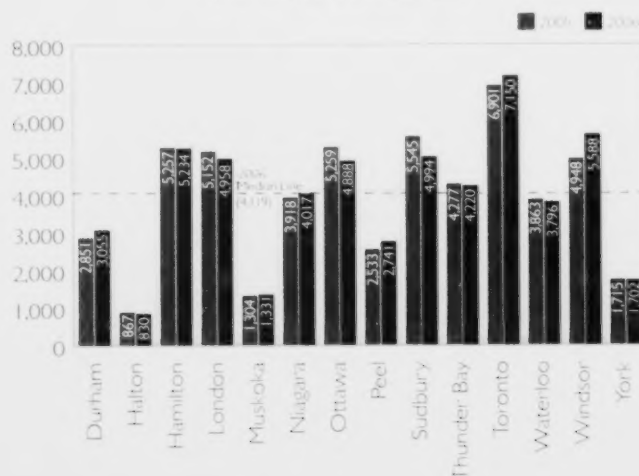


Social Assistance

This graph demonstrates the number of social assistance cases per 100,000 households in each municipality. A lower bar represents a lower number of cases. A case can involve one individual or a family receiving social assistance. Caseload level is one indicator of the level of service required in a municipality. It also provides an indication of the economic and social well being of a community. The number of cases receiving social assistance directly impacts the overall cost of service delivery and is influenced by a municipality's unique demographic, social and economic conditions. The results continue to indicate that the highest concentration of caseloads remains in large urban areas.

In 2006, Durham handled 3.055 cases per 100,000 households, substantially lower than the 2006 OMBI median of 4,119. Durham had the fifth lowest caseload per 100,000 households of the OMBI municipalities in 2006, although the highest in the GTA other than Toronto. In Durham, the monthly caseload per 100,000 households increased 7% in 2006 compared to 2005, which is substantially higher than the OMBI median change of 0.5%.

Monthly Social Assistance Caseload
per 100,000 Household



Other Performance Related Initiatives

There are numerous ongoing departmental and program specific initiatives that consider and develop performance related measurements. The sector organizations in each program area ensure that results are reviewed and ideas exchanged to promote best practices in service delivery.

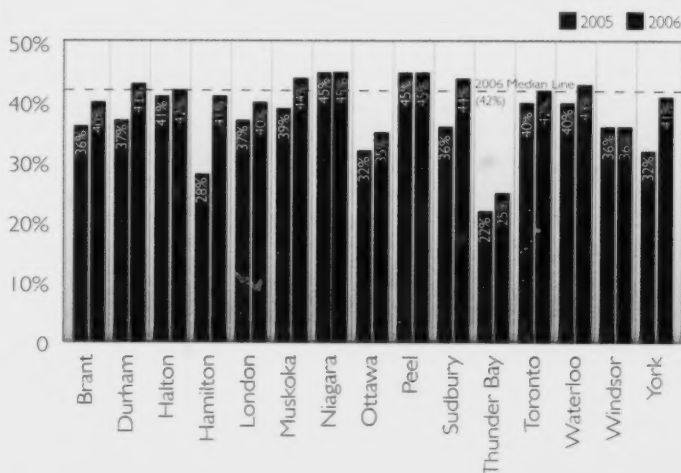
Durham Region: Committed to Performance Measurement

Solid Waste Management

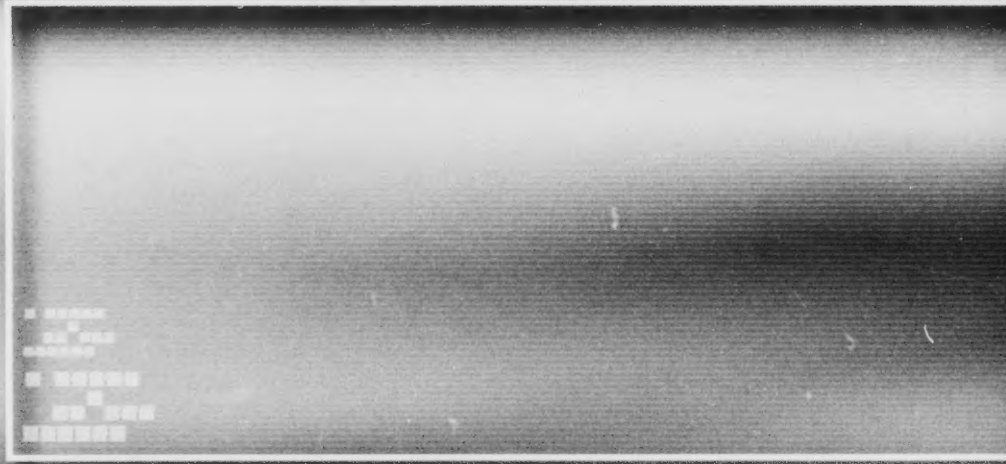
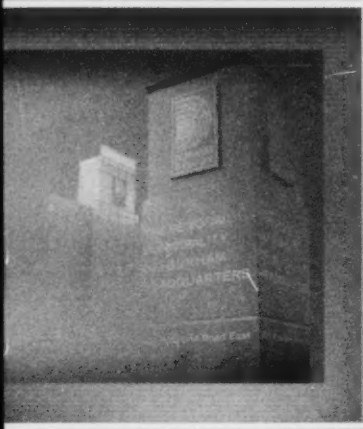
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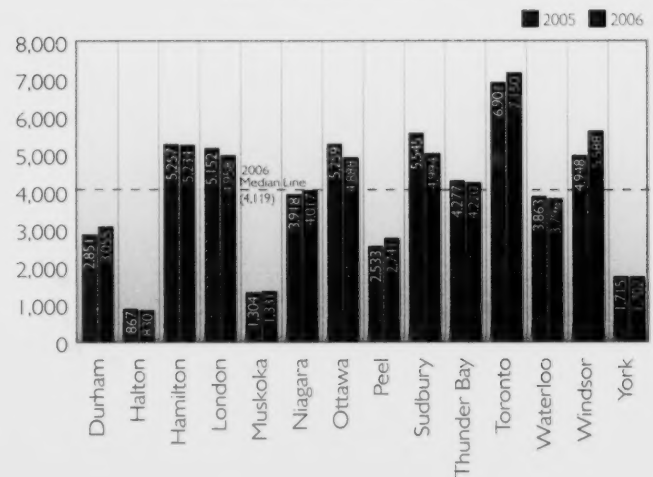


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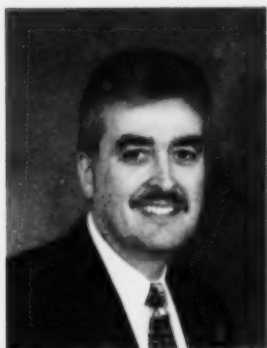
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Report from the Commissioner of Finance and Treasurer



R. J. Clapp, CA

Commissioner of Finance and Treasurer

It is with pleasure that I present the Annual Financial Report of the Regional Municipality of Durham. This report provides financial results for the year ended December 31, 2007, as well as information on key financial policies, practices and initiatives, which have and will continue to support the prudent and efficient delivery of Regional programs and services.

A significant economic factor for Durham Region, particularly over the last decade, has been a dramatic increase in residential development. With one of the fastest growing populations in Canada, and forecasting a population of close to one million people by 2031, Durham Region is an emerging power within the Greater Toronto Area (GTA). The population of Durham Region is estimated to be over 600,000 at December 31, 2007.

Even with a softening in the demand for new residential housing units during 2007, Durham's total residential building permit value, at \$901 million, remained well above the historical average, and has exceeded \$800 million per annum since 2002, when it reached that benchmark for the first time. Significant residential growth is a result of Durham Region's competitive location and economic advantages with respect to relative housing costs, and highly developed energy, communications, transportation and social infrastructures. These factors continue to promote significant migration to the Region. This growth, while beneficial to the Region, also increases the demand for expanded Regional programs and services and infrastructure, which can present challenges to the Regional Corporation.

The economic environment also continues to pose challenges, as the export-driven manufacturing sector continues to make adjustments to accommodate a strong Canadian currency.



intense global competition, and the U. S. slowdown and housing/liquidity crisis. Despite job losses recently incurred in the manufacturing sector, it is important to note that total employment in 2007 increased by 2.3% in the local census metropolitan area (CMA). The Oshawa CMA experienced net job growth overall, despite manufacturing losses, which reflects continuing diversification of the local economy. The level of personal income per capita also increased by \$1,419 compared to 2006, reaching a level of \$36,117 in 2007, which is higher than the levels for both Ontario and Canada.

The Oshawa CMA, which includes the Town of Whitby, City of Oshawa and Municipality of Clarington, posted real Gross Domestic Product (GDP) growth during 2007 totalling 2.1%, a level of real growth equal to that experienced in Ontario as a whole. This fell short of the level of GDP growth of 2.7% experienced across Canada, and is a reflection of the relative importance of the local manufacturing sector, as compared to commodities sectors, energy in particular, which are spurring significant growth in other areas of the country.

Local growth in 2007, although consistent with 2006, is down from the 3.3% real GDP growth recorded in 2005. However, the Conference Board of Canada predicts that, after facing an even lower growth rate of 1.8% in 2008, the local economy as measured through the Oshawa CMA will rebound to return to growth rates above 3.5% per annum through 2012. Higher growth rates are anticipated in the short term within several sectors, including: transportation and communications, non-commercial services, wholesale and retail trade, finance, insurance, real estate, commercial services and public administration.

Major public infrastructure projects and increased private investments have had a significant positive impact on the economy of Durham Region, and will assist in creating positive long-term growth within the Region. These include a new Highway 401 interchange currently under construction at Stevenson Road in the City of Oshawa; the new Courtice Water Pollution Control Plant in the Municipality of Clarington; and the \$3 billion investment in the Beacon Project by General Motors of Canada and its funding partners.

In 2007, positive growth in non-residential building permits issued in Durham Region marked the second highest total non-residential value achieved in the Region's history. The non-residential value increased 9.3% from \$479.3 million in 2006 to \$524.1 million in 2007. Major non-residential building projects permitted during 2007 included the new Durham Consolidated Courthouse in the City of Oshawa (\$80 million); an expansion to General Motors in Oshawa (\$75 million); an addition to Rouge Valley Hospital in the Town of Ajax (\$40 million); a 140-unit retirement home in the Town of Whitby (\$26.6 million); and new secondary school capacity built in each of Oshawa and Ajax (\$40 million).

The continued expansion of the University of Ontario Institute of Technology (UOIT) is positive from an economic development perspective. The University, founded in 2002, now has approximately 5,000 students, 223 full-time staff and 297 contract positions as it continues with its growth plan. The University is anticipated to generate an estimated \$1 billion in personal income by 2011 through capital projects, employment, and other operating expenditures, with most being spent locally on housing, taxes, goods and services.

Report from the Commissioner of Finance and Treasurer

In addition to offering more than 30 undergraduate and graduate programs, UOIT's many research partnerships play a direct role in the economy, both supporting existing industry, as well as attracting new knowledge-intensive industries. UOIT's Strategic Research Plan identifies six priority research areas, all of which are important to Durham Region, including:

- Energy production, processes and sustainability;
- Engineering, manufacturing and the automotive industry;
- Information technology, teaching and learning;
- Computational science and high-performance computing;
- Business processes and information system security; and,
- Community/public health and safety.

Longer term, there will be further expansion of the Highway 407 into the Municipality of Clarington; a new Highway 401 Interchange planned for Lakeridge Road in the Town of Whitby; a new planned community in the Seaton area of the City of Pickering; the expansion of the nuclear plant in the Municipality of Clarington; and the rebuild of the nuclear plant in the City of Pickering.

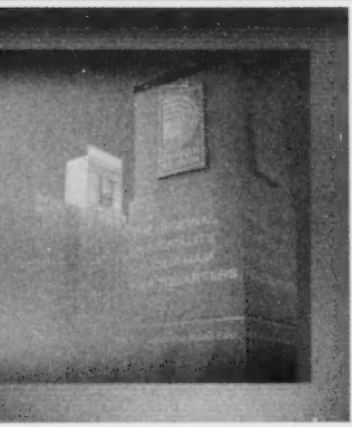
Economic growth is positive, but adds significantly to the financial pressures being faced by the Region, which must respond to increased demands for Regional services, and higher costs for Regional infrastructure, including Regional transportation (Regional roads infrastructure and transit), solid waste management, water supply and sanitary sewerage, long-term care facilities, police infrastructure and new emergency medical services capital, such as stations, vehicles and equipment.

In dealing with these inevitable cost pressures, the Regional Municipality of Durham relies on its long record of sound financial planning, based upon prudent assumptions. A long-time commitment to up-front financing and maintenance of strong reserves and reserve funds and a low burden of debt enhances the Region's flexibility and its ability to meet financial obligations and pressures. In addition, the Region's Asset Management program provides comprehensive information regarding the inventory, condition, replacement value, and long-term capital requirements of the Region's roads, water and sewer infrastructure and ensures that rehabilitation requirements for roads, water and sewer infrastructure are adequately funded.

Financial Management and Control

The Region of Durham maintains internal administrative and accounting controls to ensure that financial information is reliable and relevant and that the Region's assets are safeguarded. Management systems are in place for accounting, business planning and budgeting and an internal audit function, as well as other internal controls, to provide assurance that transactions are appropriately authorized and recorded accurately, that assets are secured and accounted for, and that the integrity and completeness of financial records are maintained. See the Management Report which follows for additional information.

The Region's Purchasing By-law and Budget Management Policy, in conjunction with other Regional policies and Provincial legislation, govern the fiscal responsibilities of the Regional administration. Regional By-laws and Council approved policies prescribe purchasing, accounting, investment, risk management and debt policies and procedures that ensure effective and clear guidelines for expenditures and the requisition of goods and services.



The Budget Management Policy, for example, addresses the balance between Regional expenditures and the availability of funding. Budget Management and Purchasing policies provide an accountability framework to establish the extent of authority for spending decisions, both planned and unplanned, and outline the discretion permitted in those spending decisions, delegated by Regional Council.

The Region of Durham's commitments to long-term financial planning and sound fiscal policies provide a solid foundation for financial management and promote a healthy capital financing structure. A "pay-as-you-go" financing philosophy, low levels of debt issuance, strong reserve and reserve fund strategies, and "growth-pays-for-growth" development charges policy contribute to the Region's fiscal strength.

Both Standard & Poor's and Moody's Investors Service recently reaffirmed the Region's financial strengths, upholding Durham's long-standing "Triple A" credit rating. This highest rating category places Durham in a select group of municipalities with an exemplary reputation in the investment community and who are seen as leaders in fiscal responsibility and integrity.

Based upon the firm's recent review of the Region, Moody's identified Durham's major credit strengths supporting a Triple A credit rating as:

- A commitment to multi-year planning that has succeeded in maintaining a low debt burden and high levels of reserves;
- A track record of strong operating results which reflect prudent management practices and the utilization of five-year economic and financial forecasts, updated

annually, to guide the development of annual operating and capital budgets;

- Maintenance of significant reserve levels, which could be tapped as a source of liquidity to mitigate unanticipated shocks, enhancing both internal financial flexibility and supports the Region's excellent creditworthiness;
- A capital plan which covers a five-year horizon and is updated annually, and which relies heavily on a "pay-as-you-go" financing philosophy;
- Strong governance and management characteristics; and,
- Conservative debt and investment management policies, which limit the municipality's exposure to market related risks, and help ensure relatively smooth debt servicing costs.

Bond raters are impressed with the Region's detailed business planning cycle. In particular, they have identified the importance of Regional Council's financial planning and decision making process through the utilization of an economic and financial planning forecast. This report covers a five-year horizon and is updated annually. Bond raters also recognize Durham for its reliance on "pay-as-you-go" financing. The Region restricts debt financing to cover only major capital projects. In addition, the prioritization of capital projects, including life-cycle maintenance and growth related projects, is facilitated by recommendations from an internal asset management team that monitors the state of the Region's infrastructure.

Report from the Commissioner of Finance and Treasurer

The Regional Business Planning Cycle: Long-term Financial Planning

The Region's Business Planning and Budget Cycle commences with the prioritization of strategic actions established under the Community Strategic Plan (CSP). With a focus upon desired results, all Regional Business Plans and Budgets balance CSP strategic actions with available financing on an annual basis. The CSP now initiates and is implemented through the Region's Business Planning Cycle. Intertwined with multi-year forecasts, detailed business plans (including budgets), performance measures and the reprioritization of programs and service levels, CSP objectives and priorities can be prudently implemented within a sound fiscal framework, while focusing on realistic and timely program and infrastructure priorities. The Business Planning Cycle, incorporating the CSP, is an enhancement to the Region's commitment to transparency and accountability.

On an annual basis, Regional Council establishes pre-budget guidelines for annual operating and capital expenditures and financing based upon a multi-year budget forecast provided by Regional staff. The annual "Five-year Economic and Financial Forecast and Budget Guidelines" report provides Regional Council each year with preliminary estimates of financial requirements facing the Region over a five-year horizon, as well as potential sources of financing. The Region currently completes separate annual Servicing and Financing Studies, including multi-year capital expenditure forecasts in the areas of Regional Roads, Durham Region Transit, Water Supply and Sanitary Sewerage and Solid Waste Management.

Financial Accountability

The Region fully supports the goal of financial accountability to taxpayers, an objective at the heart of all Regional corporate strategies and the Community Strategic Plan. Durham is in compliance with all guidelines that are established by the Municipal Performance Measurement Program (MPMP), a Province-wide program that requires municipalities to report on measures that reflect the efficiency and effectiveness of public services. Durham Region endorses these guidelines and is also an active member in the Ontario Municipal CAO's Benchmarking Initiative, a voluntary project to identify and share best practices of service efficiency and quality in Ontario Municipalities. For information on the MPMP program, I would encourage readers to visit the Regional website at www.region.durham.on.ca, or call the Region at 905-668-7711 or 1-800-372-1102.

Financial Statements

The financial statements and related information contained in this report are the responsibility of the management of the municipal corporation and have been prepared in accordance with accounting policies that conform to local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Where the determination of assets and liabilities is dependent upon future events, amounts are based upon reasonably determined estimates and judgments. Durham Regional Council has sole authority to allocate funds through the approval of the operating and capital business plans and budgets.



Durham Region Business Planning Cycle



The Region is required by the Municipal Act to engage independent auditors to express an opinion as to whether the financial statements present the Region's financial position and operating results fairly in all material respects. Deloitte & Touche LLP has fulfilled this audit function as evidenced by the audit reports included in this document.

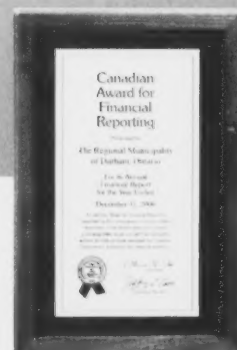
The management of the Corporation of the Regional Municipality of Durham is responsible for the preparation and the integrity of the accompanying Consolidated Financial Statements and all other information contained in this Annual Report.

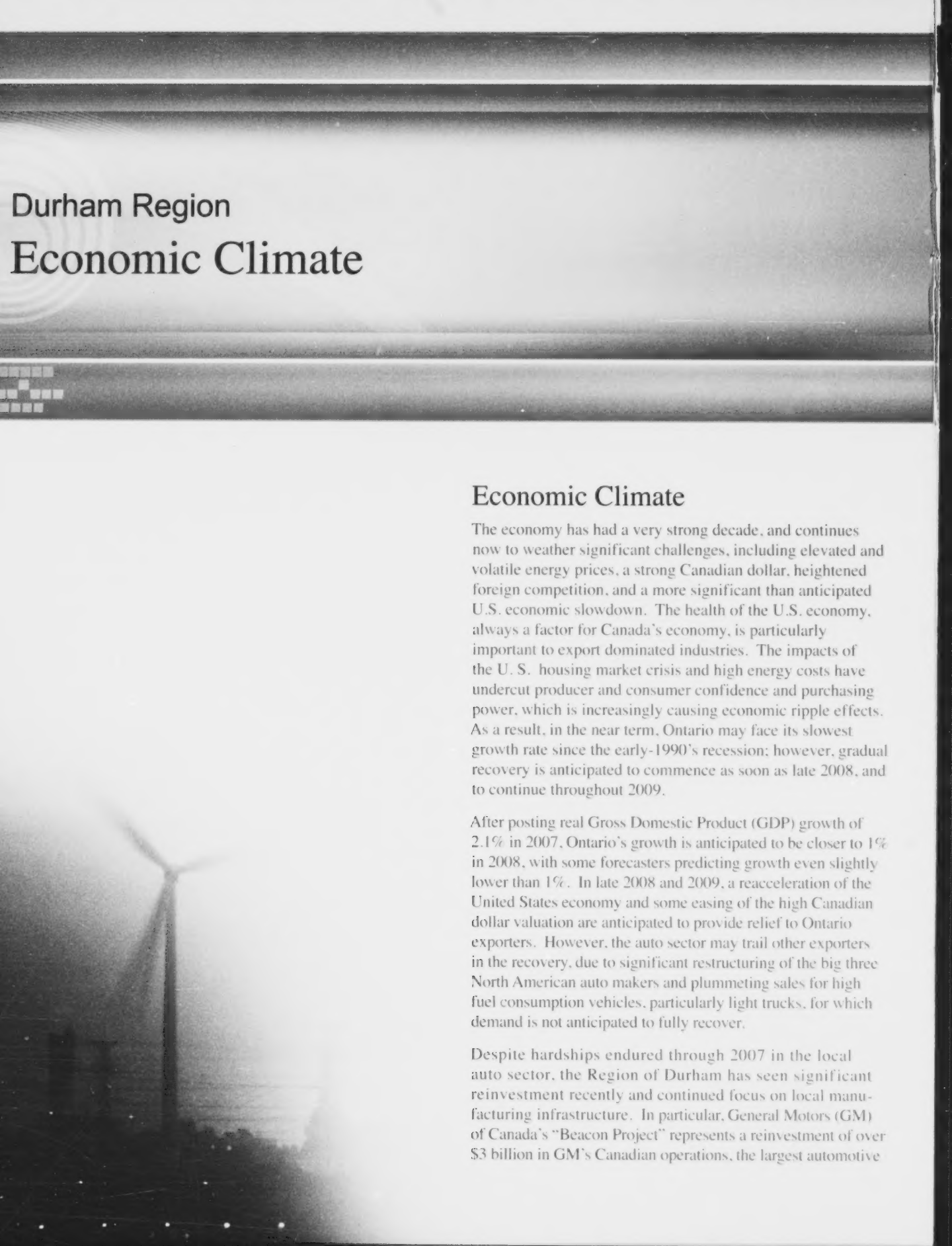
R. James Clapp

R. J. Clapp, CA
Commissioner of Finance and Treasurer
June 30, 2008

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a fourth consecutive Canadian Award for Financial Reporting to the Regional Municipality of Durham for its annual financial report for the fiscal year ended December 31, 2006. The Canadian Award for the Financial Reporting program was established to encourage municipal governments to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal government and address user needs.





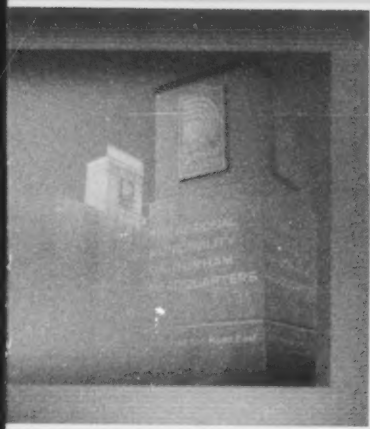
Durham Region Economic Climate

Economic Climate

The economy has had a very strong decade, and continues now to weather significant challenges, including elevated and volatile energy prices, a strong Canadian dollar, heightened foreign competition, and a more significant than anticipated U.S. economic slowdown. The health of the U.S. economy, always a factor for Canada's economy, is particularly important to export dominated industries. The impacts of the U. S. housing market crisis and high energy costs have undercut producer and consumer confidence and purchasing power, which is increasingly causing economic ripple effects. As a result, in the near term, Ontario may face its slowest growth rate since the early-1990's recession; however, gradual recovery is anticipated to commence as soon as late 2008, and to continue throughout 2009.

After posting real Gross Domestic Product (GDP) growth of 2.1% in 2007, Ontario's growth is anticipated to be closer to 1% in 2008, with some forecasters predicting growth even slightly lower than 1%. In late 2008 and 2009, a reacceleration of the United States economy and some easing of the high Canadian dollar valuation are anticipated to provide relief to Ontario exporters. However, the auto sector may trail other exporters in the recovery, due to significant restructuring of the big three North American auto makers and plummeting sales for high fuel consumption vehicles, particularly light trucks, for which demand is not anticipated to fully recover.

Despite hardships endured through 2007 in the local auto sector, the Region of Durham has seen significant reinvestment recently and continued focus on local manufacturing infrastructure. In particular, General Motors (GM) of Canada's "Beacon Project" represents a reinvestment of over \$3 billion in GM's Canadian operations, the largest automotive



investment in Canadian history. Included in this investment was a \$582 million investment in the City of Oshawa GM paint shop for two car operations, the introduction of flexible manufacturing systems at the car plant in the City of Oshawa, the expansion of Canadian engineering and design, and the establishment of a Canadian Automotive Centre of Excellence based at the University of Ontario Institute of Technology.

The new GM of Canada Automotive Centre of Excellence will be the hub of the broader Automotive Innovation Network, linking automotive engineers, auto suppliers and Canadian universities. State-of-the-art research and development tools in the areas of vehicle dynamics, noise and vibration, thermal climatic wind tunnel, structural durability testing, and the ability to accommodate future automotive fuels like hydrogen will ensure an advanced automotive technology cluster centred at UOIT in the Region of Durham.

The City of Oshawa Autoplex was also chosen as the plant to produce the newly revamped Chevrolet Camaro and an investment in Durham of \$740 million (the most recent announcement under the Beacon Project) was also made to restructure the two car plants into one state-of-the-art flexible manufacturing plant. The flex facility will be capable of producing a variety of both front and rear wheel drive vehicles and the flexibility of the plant will allow the Oshawa facility to vie for additional products.

Ontario Power Generation (OPG) has also invested in education and training at the UOIT and Durham College, and has implemented significant in-house training programs to ensure a sustained workforce of highly skilled and trained employees for the future. OPG recently announced that the Darlington site, located in the Municipality of Clarington, has been selected by the Government of Ontario as the location

for Ontario's next nuclear generating facility. Both the host Municipality of Clarington and the Region of Durham have expressed strong support for this project, which represents a significant multi-billion dollar investment. The formal Federal Government approval process, including an Environmental Assessment, is underway, along with an Environmental Assessment for a \$2.5 billion refurbishment of four units at the Nuclear Plant in the City of Pickering. Both projects are part of the 2005 Ontario Power Authority recommendations that \$40 billion of new nuclear infrastructure will be required to maintain the nuclear sector's 50% share of the Province's energy supply mix. The investments will create thousands of jobs in Durham Region over the 10-year construction period, and afterward for supply and operations.

Durham's economic outlook is positive and remains characterized by high employment levels, a highly skilled labour force and significant new capital investment. However, like residential growth, robust economic growth and diversification also mean significantly increased demands for services and infrastructure.

The Regional Corporation is committed to responding to these demands in a fiscally responsible manner with timely infrastructure developments, including, but not limited to: the improvement and development of transportation networks (roads and transit); water supply and sanitary sewerage; police and emergency medical services facilities and equipment, and long-term care facilities.

Durham Region Economic Indicators

Economic Indicators Unemployment Rates

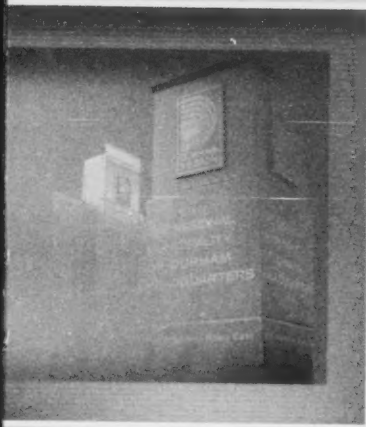
The 2007 unemployment rate in the local Oshawa CMA was 6.2%, which compares to the unemployment rate of 6.4% recorded for the Province of Ontario and the 6.0% national unemployment rate. The local Oshawa CMA includes the Town of Whitby, the City of Oshawa and the Municipality of Clarington, representing approximately 60% of Durham's total population.

Despite continuing losses in the manufacturing sector, the 2007 rate of unemployment in the Oshawa CMA was down slightly compared to 2006, when it was 6.5%.

In a March 2008 Statistics Canada Report, "Canada's Changing Labour Force, 2006 Census" it is noted that between the 2001 and 2006 Census, "...bolstered by hiring in the service industries, employment in Oshawa (Census Metropolitan Area - CMA) grew by 12.8% between 2001 and 2006. However, Oshawa's largest employer, the manufacturing industry, suffered losses, declining by an average of 2.1% per year...employment in the motor vehicle parts industry saw an average decline of 3.8% per year. . ."

No relief for the auto sector is anticipated in 2008, as the local industry braces for layoffs already announced by General Motors of Canada at the Oshawa truck plant (shift cuts and eventual closure). Although overall job creation is expected to remain positive, it is not expected in 2008 to keep pace with increases in the total labour force due to population in-migration to the area. The Conference Board of Canada,





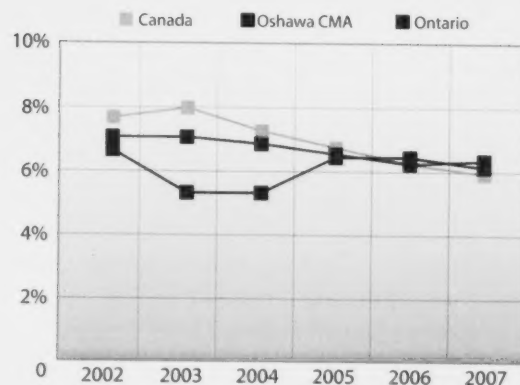
however, predicts that close to 20,000 new jobs will be created in the Oshawa CMA by 2012, including 3,000 new positions in 2008, and 5,000 positions in 2009, which will put downward pressure on the unemployment rate over the next five years.

According to the Conference Board, employment in some manufacturing industries is rising in recent years, including food products, fabricated metal, and medical equipment and electronics. Manufacturing losses are also offset by continued strength in other sectors, for example the construction and service industries.

The service sector and strong consumer spending is supported by both job and wage growth overall. In 2007, according to Statistics Canada, nominal labour income expanded 6% due to higher employment and an acceleration of wages as labour markets tightened. Growing income and wealth led to a 4.7% increase in the volume of Canadian spending, the largest annual increase since 1985.

Statistics Canada also notes that in 2007 every Province posted higher employment, for the first time since 2004, and Regional differences were less pronounced. A measure of a tight labour market, Statistics Canada reported a drop in the duration of unemployment across the country, particularly in Ontario, which posted the largest decrease from 13.3 weeks in 2006 to 11.6 weeks in 2007. Unemployed workers are taking less time to find new employment, either in other sectors or other jurisdictions.

Unemployment Rates 2002 to 2007



Source: Statistics Canada

Durham Region

Economic Indicators

Building Permits

In 2007, building permit activity in Durham Region declined by approximately 7%: \$1.4 billion compared to \$1.5 billion in 2006. However, the total value of building permits was still not far off the record \$1.7 billion issued in 2003 and is still well above the historical average. Over the last 30 years, the total value of building permits issued annually in Durham has averaged approximately \$739 million. During 2007, permit values were still double the historical average.

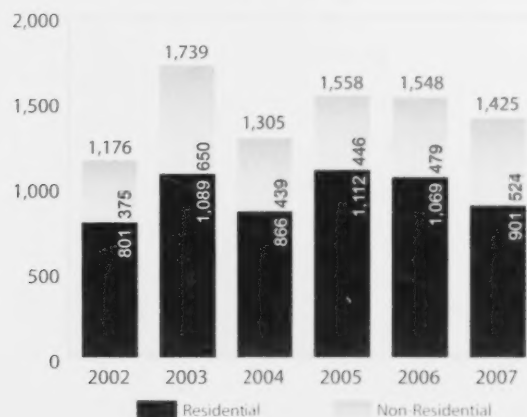
The 2007 decrease in total building permit value was due to a decline in residential activity (from \$1.07 billion to \$900.9 million). The value of non-residential permits actually increased from \$479.3 million in 2006 to \$524.1 million in 2007, an increase of 9.4%. This marked the second highest total for non-residential building permits in the Region's history after 2003 where the total value was \$649.8 million. The increase in non-residential building permit value was primarily attributed to the commercial and institutional sectors. Major non-residential building projects included:

- A new Durham Consolidated Courthouse in the City of Oshawa (\$80 million);
- An addition to General Motors in the City of Oshawa (\$75 million);
- An addition to Rouge Valley Hospital in the Town of Ajax (\$40 million);
- A 140-unit retirement home in the Town of Whitby (\$26.6 million);
- A new Durham District Secondary School in the City of Oshawa (\$24.1 million);

- An addition to Pickering High School in the Town of Ajax (\$16 million);
- A new Durham material recovery facility in the Town of Whitby (\$15 million); and,
- A new commercial development (Wal-Mart) in the City of Oshawa (\$12.7 million).

In 2007, approximately \$14.4 billion worth of building permits were issued in the GTA, marking a record high since 1974. Durham's share of GTA building permit value was approximately 10%.

Durham Region
Building Permit Activity 2002 to 2007
(\$ millions)



Durham Region

Economic Indicators

Building Permits

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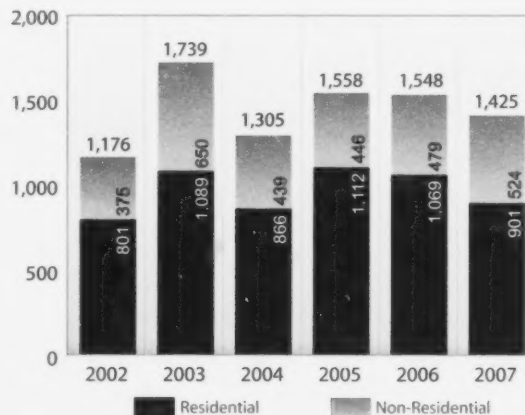
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**Durham Region
Building Permit Activity 2002 to 2007
(\$ millions)**



Source: Durham Region Planning Department



Housing Starts

According to Canada Mortgage and Housing Corporation (CMHC), housing starts, completions and absorptions have declined compared to 2006. Average mortgage interest rates continued an upward trend through 2007, before falling again slightly near the end of the year. According to the CMHC, there were 3,870 housing starts in the Region of Durham during 2007, down a significant 30.7% from 5,585 starts in 2006. Housing starts had remained above the 5,000 mark since 2002, and 2003 and 2006 were peak years. In 2007, housing starts returned closer to 2001 levels, when there were 3,813 starts.

The Bank of Canada predicts that inflation could spike in the near term by as much as 4% and is likely to remain above the Bank target into 2009. Significant increases in commodities, particularly energy and food are factors. However, the core inflation measure, which excludes energy price fluctuations is anticipated to remain stable, with the Bank of Canada anticipating an average close to 1.5% through the third quarter of 2008.

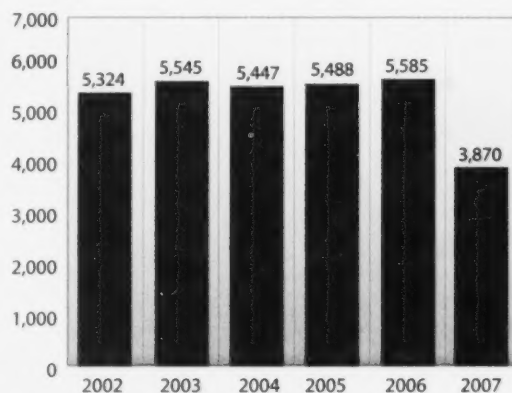
At year-end 2007, citing a shift to the downside in the balance of risks around its October 2007 inflation projection through 2009, the Bank of Canada made the decision on December 4, 2007 to lower the overnight rate by 0.25% to 4.25%, leaving the Bank Rate at 4.5%. This trend continued into early 2008, and as of the time of writing, the Bank Rate held steady at a lower 3.25%. Interest rate decreases tend to boost housing demand and we may see returned strength in this sector in the near term.

The Conference Board of Canada anticipates that the Oshawa CMA will see strong population growth in 2008 and 2009 due

to its relative affordability compared with neighbours in the GTA. CHMC reported that the average cost of a new single detached dwelling in Durham Region increased approximately 7% to \$370,001. However, this is still more affordable relative to average costs in Toronto, York, Peel and Halton Regions where the average cost of a new single detached dwelling ranges from \$438,004 to \$919,300.

Rising construction costs and land limitations also provide incentive to homebuilders to shift construction to less expensive home types and areas where more land is available. New homebuyers will continue to look to Durham Region, with its competitive relative pricing advantage compared to other GTA Regions. More affordable home prices are a draw for potential buyers, as is the quality of life available.

**Durham Region Housing Starts
2002 to 2007**

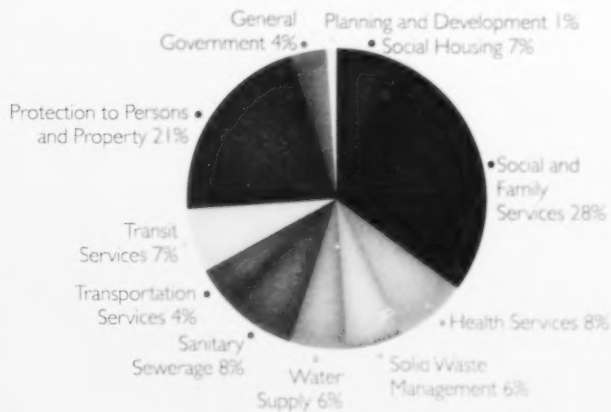


Source: Canada Mortgage and Housing Corporation (CMHC)

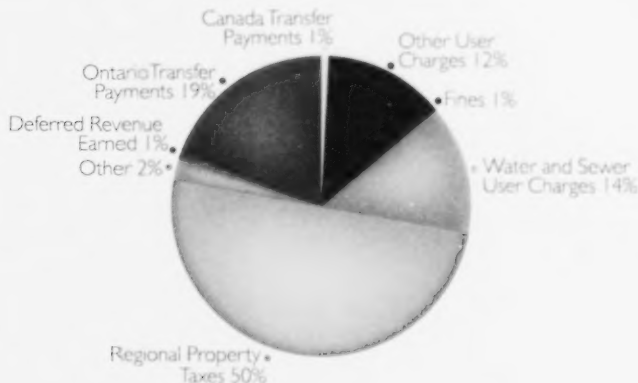
Durham Region

Financial Results

2007 Operating Fund Expenditures
\$726.3 million



2007 Operating Fund Sources of Financing
\$867.7 million



Financial Results

Operating Fund Expenditures

Total operating fund expenditures increased in 2007 by 3.5% from \$701.8 million to \$726.3 million. Major expenditure increases for 2007 included:

- 48 new police staff, including 24 new police officers, six special court constables and 18 operational support staff;
- Funding for Emergency Medical Services paramedics, and defibrillators, to meet increased call demands;
- New funding for solid waste programs, including diversion programs which allowed the Region to meet its 50% waste diversion target by 2007, and funding for the Durham-York Energy from Waste initiative;
- New funding for Durham Region Transit, including additional staffing resources;
- Increased funding for the five Conservation Authorities, including the Oak Ridges Moraine Watershed Planning and strategic Land Securement initiatives;
- Continued funding for the University of Ontario Institute of Technology and the Rouge Valley Health System Foundation; and,
- Additional "Best Start" funding to support early learning child development for children under 6 years of age.



Operating Fund Sources of Financing

Operating fund sources include Regional property taxes, user charges, and transfer payments from federal and provincial governments.

Revenue from property taxes increased to \$432.1 million compared to \$407.8 million in 2006, representing an increase of approximately 6%. This increase in revenue was in part due to assessment growth, as well as a 2007 property tax increase. The 2007 Regional property tax increase represented an average residential property tax impact of 4.86% for the average residential property owner, when combined with the 2007 Transit and Solid Waste Management property tax requirements (Solid Waste Management and Transit services have different property tax rates for each local area municipality to reflect both assessment and service levels which vary by local area municipality).

Water Supply and Sanitary Sewerage

The Region is responsible for providing safe and reliable operations and maintenance of water supply and sanitary sewerage systems, which efficiently meet requirements of existing and future residents and businesses. These operations are funded primarily from Region-wide uniform user rates. Water and sewer rates and rate structure, development charge receipts and long-term capital requirements are reviewed annually to ensure efficient operations and continued viability of water supply and sanitary sewerage.

During 2007, the Region continued to develop and improve the Asset Management initiative established in 2004, which has led to comprehensive information regarding the inventory, condition, replacement value, and long-term capital requirements of the Region's water and sewer infrastructure.

The Asset Management strategy will continue as an on-going corporate initiative to ensure that rehabilitation requirements for water and sewer infrastructure are adequately funded.

The Region adheres to the "user pay" principle when setting water and sanitary sewer rates. This principle results in charging water and sewer customers in proportion to costs incurred in providing those services. In 2007, a 9.5% water and sewer rate increase was approved to fund:

- Increased operating costs;
- Increased labour and utility costs;
- Increased costs to ensure compliance with the Provincial water sampling program;
- The replacement of watermains and sanitary sewers;
- Increased contribution to the water and sewer asset management reserve funds; and,
- Increased debt costs associated with the capital works to comply with Ontario Drinking Water Protection Regulations.

Surplus from water and sewer operations is transferred to the respective Treatment Plant/Rate Stabilization Reserve Funds to finance future capital upgrades and the replacement of aging infrastructure.

At the end of 2007, the Reserve Fund balances for sewer and water services were \$54.5 million and \$21.5 million respectively. This compares to 2006 levels of \$43.4 million (sewer services) and \$25.5 million (water services).

Durham Region

Financial Results

Solid Waste Management

Major solid waste expenditures relate to the Region's responsibilities for waste collection, haulage, processing, disposal and diversion initiatives. The Region owns and operates a rural landfill site, three waste disposal transfer facilities, a recycling processing facility, several household hazardous waste depots and has proactive promotional and educational programs to encourage residents to reduce, re-use, recycle and compost.

The Region is responsible for all waste collection, processing and disposal in the City of Pickering, Town of Ajax, Municipality of Clarington, and Townships of Brock, Scugog and Uxbridge. The Region also administers the Blue Box program Region-wide, including the City of Oshawa and the Town of Whitby. While the Town of Whitby and the City of Oshawa continue to maintain responsibility for garbage, food, leaf and yard waste collection services, these municipalities are partnered with the Region to implement standardized service specifications for collection services, including collection of kitchen organics.

Due to the significantly expanded diversion programs, including a shift to the bi-weekly collection of garbage waste, and more frequent weekly collection of diversion materials, including Blue Box recyclables and Green Bin compostables, municipal solid waste diversion in Durham Region increased in 2006 and achieved 50% by the end of 2007. Having achieved the 50% diversion target set for 2007, Regional Council has recently established a new target, to achieve 70% waste diversion from landfill by the end of 2010.

In 2007, the municipal solid waste stream totaled 232,956 tonnes, including 116,671 tonnes of recycled and reused materials and other diversion credits, and 116,285 tonnes of garbage waste sent to landfill. Durham and York Regions have also formed a partnership to undertake a Residual Waste Environmental Assessment Study to examine options to manage solid waste that remains after diversion. It is being conducted under the Environmental Assessment process and it has recommended a preferred site for an Energy from Waste (EFW) facility in the Municipality of Clarington. The Regions are working towards retaining a vendor to design, build and operate the joint Durham York EFW with an anticipated date for completion of the study and submission of the permit applications in 2009.

Revenue sources for the solid waste management operation consist of Solid Waste property taxes, user fees, Provincial subsidies and the sale of recyclables. Uncertainties that can lead to a surplus (or deficit) position for this operation include unanticipated tonnage variances, Provincial subsidy changes, and fluctuating market prices for the sale of diversion materials. At year-end 2007, including interest earnings, the Solid Waste Management Reserve Fund had a balance of \$13.7 million.

The Solid Waste Management Budget is separate from the Region's general levy budget and is funded by user fees and a Solid Waste Management Property Tax Rate.



Capital Fund Expenditures

Capital investment is necessary to both maintain current infrastructure and to provide for future requirements. In 2007, capital fund expenditures totaled \$170.9 million, compared to \$197.1 million in 2006.

Transportation and Environmental Services (water supply and sanitary sewerage) were the highest spending categories. Major 2007 roads projects funding included:

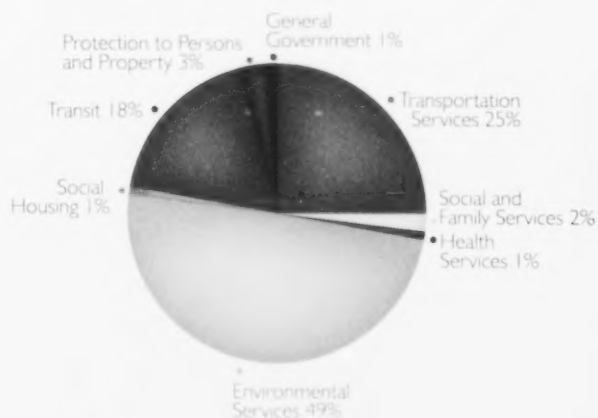
- Reconstruction and widening of Brock Road in the City of Pickering;
- Reconstruction and widening of Simcoe Street in the City of Oshawa;
- Significant land acquisition for the widening of Bayly Street/Victoria Street in the Towns of Whitby and Ajax;
- The widening and connection of Gibb and Olive Streets in the City of Oshawa; and,
- Various intersection improvements as well as major road and bridge rehabilitation projects throughout the Region.

Major 2007 water supply and sanitary sewerage funding capital included:

- Upgrades to existing incineration facilities at the Duffin Creek WPCP in the City of Pickering;
- Capacity upgrades at the Corbett Creek WPCP;
- Replacement of watermains and sanitary sewers in conjunction with Local Area Municipal Roads programs;
- Upgrading of water supply facilities in the Town of Whitby and the City of Oshawa to ensure compliance with Ontario Drinking Water protection regulations;

- Upgrades to the Region's water pollution control plants to ensure compliance with the Federal Government's Pollution Prevention Plans for Water Pollution Control Plants; and,
- New feedermain infrastructure.

2007 Capital Fund Expenditures
\$170.9 million



Durham Region

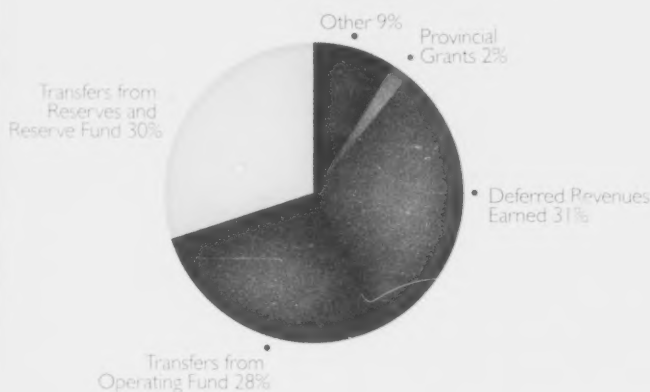
Financial Results

Capital Fund Sources of Financing

The Region's 2007 capital spending program was financed from the operating fund, reserves and reserve funds, developer contributions, subsidies and local municipal recoveries. In 2007, there were no debentures issued to finance Regional capital programs.

Development charges are collected from developers and are held by the Region to finance future residential and commercial growth related projects for water, sewer, roads and other specific purposes. In 2007, contributions to the capital fund from development charges totaled \$39.0 million, compared to \$40.1 million in 2006.

2007 Capital Fund Sources of Financing
\$160.2 million



Debt Position

The Region's debt management policies are governed by provincial legislation and Regional Council approvals. In 2007, no new debt was issued and, net of debt payments made during the year, the Region's debt burden decreased by 6.4% to \$199.8 million, compared to a level of \$213.5 million at year-end 2006.

The Region maintains low levels of debt and continues to adhere to the "pay-as-you-go" financing philosophy, to ensure debt issuance only for major projects. The Region's strong capital structure, and solid reserves and reserve funds, also help to ensure debt is minimized.

The Region is responsible for debenture debt totaling \$365.9 million at December 31, 2007. Of this debt, \$166.1 million or 45% was issued on behalf of Durham local area municipalities and school boards, who in turn are responsible for paying the Region both principal and interest. The Region is the authorized entity for debt issuance for all local municipalities within its jurisdictional boundaries. The net debt to be financed by the Region itself is \$199.8 million.

Durham's Credit Rating

Both Standard & Poor's and Moody's Investor Service re-affirmed the Region's long-time Triple A credit rating for the Region's long-term debentures, with a continued stable outlook. The annual rating review includes consideration of performance of the Regional economy and financial results achieved by the Region, including its eight local area municipalities.



The Region's 2007 credit fundamentals were reviewed and Durham's major credit strengths were identified as follows:

- A commitment to multi-year planning that has succeeded in maintaining a low debt burden and high levels of reserves;
- A track record of strong operating results which reflect prudent management practices and the utilization of five-year economic and financial forecasts, updated annually, to guide the development of annual operating and capital budgets;
- Maintenance of significant reserve levels, which could be tapped as a source of liquidity to mitigate unanticipated shocks, enhancing both internal financial flexibility and supporting the Region's excellent creditworthiness;
- A capital plan which covers a five-year horizon and is updated annually, and which relies heavily on a "pay-as-you-go" financing philosophy;
- Strong governance and management characteristics; and,
- Conservative debt and investment management policies, which limit the municipality's exposure to market related risks, and help ensure relatively smooth debt servicing costs.

Two of Durham Region's most important financing policies are "pay-as-you-go" capital financing and "growth-pays-for-growth" development financing policies. The Region's continued adherence to these policies provides financial stability and strength. Although significant capital outlays for infrastructure are still required over the next five years, a continued focus on internal funding will minimize future debt issuance needs.

"Durham's track record of consistently generating strong operating results reflects prudent management practices and the utilization of five-year economic and financial forecasts, updated annually, to guide the development of annual operating and capital budgets."

Moody's Investors Service - Credit Report

Durham Region

Financial Results

Reserves and Reserve Funds

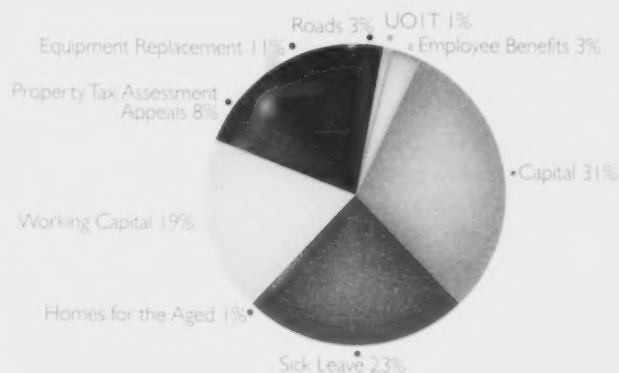
Recognizing their importance to the overall financial strategy, the Region continues to maintain solid Reserves and Reserve Fund positions, ensuring maximum flexibility, minimal impacts from growth and future liabilities, and a solid foundation for the Region's "pay-as-you-go" financing philosophy. Regional Reserves and Reserve Fund balances are continuously monitored to ensure they are sustained at adequate and appropriate levels to meet present and future requirements. Reserves and Reserve Funds, at December 31, 2007, totaled \$410.6 million compared to \$358.5 million in 2006, an increase of 14.5%. The majority of the Region's Reserves and Reserve Funds are committed towards financing future capital construction costs for water supply, sanitary sewerage, Regional roads, solid waste management and future liabilities.

Reserves

At the end of 2007, the Region's Reserves totaled \$164.6 million, an increase in value of \$15.3 million or 10% compared to the 2006 balance of \$149.3 million.

The Region's Reserves are established for specific purposes, such as providing working capital to mitigate fluctuations in annual cash flows. Two Reserves provide the Region with necessary financing for future liabilities: Sick Leave and Contingencies Reserves. Other Reserves have been established to enable up-front financing of major capital expenditures or are used to finance projects budgeted in one year, but with construction taking place over a number of years (capital construction, Regional roads, long-term care and equipment replacement Reserves).

2007 Reserves
\$164.6 million

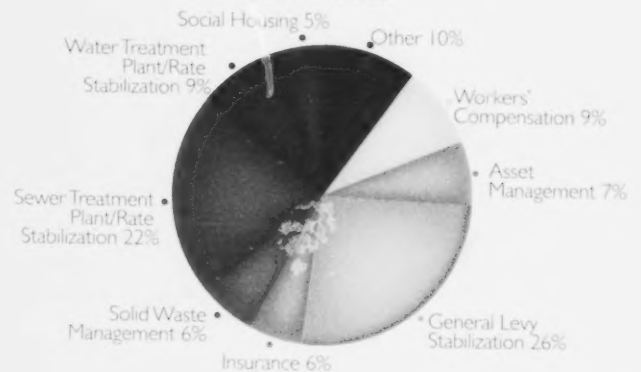


Reserve Funds

Reserve Funds are monies set aside to finance specific future costs. The Region's Reserve Funds totaled \$246.1 million in 2007, an increase of 17.7% compared to the balance of \$209.1 million at the end of 2006. The increase reflects strategic contributions to the Asset Management, General Levy Stabilization, Sanitary Sewerage Treatment Plant/Rate Stabilization, and Solid Waste Management Reserve Funds, given future capital requirements and the unstable economic environment. The Asset Management Reserve Fund was created in December 2004 by Regional Council in recognition of the priority of ensuring the maintenance, upgrade and replacement of aging Water Supply, Sanitary Sewerage and General Purposes Program Infrastructure with minimal impacts to taxpayers. The Reserve Fund will assist in an overall Asset Management Strategy, in accordance with best business practices.

The Region of Durham maintains a General Levy Rate Stabilization Reserve Fund for tax stabilization purposes, and to guard against risks of significant unforeseen expenditures.

2007 Reserve Funds
\$246.1 million



Note: This chart excludes development charges/deferred revenues totaling \$257.4 million at December 31, 2007.

Durham Region Management Report



R. J. Clapp, CA
Commissioner of Finance and Treasurer

The Management of the Corporation of the Regional Municipality of Durham is responsible for the preparation and integrity of the accompanying Consolidated Financial Statements and all other information contained in this Annual Report. The Consolidated Financial Statements herein have been prepared in accordance with generally accepted accounting principles applicable to local governments, and conform with accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Where the determination of assets and liabilities is dependent upon future events, amounts are based upon reasonably determined estimates and judgements. Financial data presented elsewhere in the Annual Report are consistent with that of the Consolidated Financial Statements.

Management maintains systems for accounting, business planning and budgeting, an internal audit function, as well as other internal controls, to provide assurance that transactions are appropriately authorized and recorded accurately, that assets are secured and accounted for, and that the integrity and completeness of financial records are maintained. The 2007 Consolidated Financial Statements, Notes to the Consolidated Financial Statements, Supporting Schedules, and the Trust Funds Financial Statements have been independently audited by Deloitte & Touche LLP. The Auditors' Report on the fair presentation of Durham's financial position, results of its operations, and changes in financial position for the year ended December 31, 2007, are included in the Annual Report that follows.

A handwritten signature in dark ink, appearing to read "R. J. Clapp".

R. J. Clapp, CA
Commissioner of Finance and Treasurer



Financial Management Team

Finance Department

R. J. Clapp, CA

Commissioner of Finance and Treasurer

P. N. Richards, BBA, MBA

Director of Business Planning, Budgets & Risk Management

M. E. Simpson, BA, MA, CMA

Director of Financial Planning and Purchasing

D. W. Beaton, BAS

Director of Financial Information Management Services (FIMS)

J. M. Cermak, CA

Director of Financial Services

R. A. Crystal, CMA

Manager of Business Plans and Budgets

S. Coward, BA, FCIP, CRM

Manager of Insurance and Risk Management

L. Birkett, CPP, AMCT

Manager of Purchasing

D. Dzikewicz, MBA

Manager of Accounting

K. Facca

Manager of Collections and Customer Service

J. Fice, BBA, CA

Manager of Financial Reporting and Analysis

T. Jones, BBA, CPP

Manager of Materials and Office Services

S. Simpson, CMA

Manager of Applications

K. Williamson

Manager of Technology

Auditor

Deloitte & Touche LLP Chartered Accountants

Banker

The Royal Bank of Canada

Fiscal Agents

RBC Dominion Securities Inc.

CIBC World Markets





annual report **2007**

The Regional Municipality of Durham
Ontario, Canada

Consolidated Financial Statements
and Auditors' Report
for the year ended December 31, 2007

Auditors' Report

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of the
Regional Municipality of Durham

We have audited the consolidated statement of financial position of the Corporation of the Regional Municipality of Durham as at December 31, 2007 and the consolidated statements of financial activities and fund balances and of changes in financial position for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Regional Municipality of Durham as at December 31, 2007 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
May 16, 2008

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Statement of Financial Position

December 31, 2007

(in thousands of dollars)

	2007	2006
ASSETS		
Financial Assets		
Cash	\$ 13,051	\$ 14,858
Investments (Note 3)	949,602	863,356
Accounts receivable	52,372	69,765
Other assets	916	979
Debenture debt recoverable from local municipalities and school boards (Note 4)	166,133	159,191
	1,182,074	1,108,149
LIABILITIES		
Accounts payable and accrued liabilities	163,118	154,673
Deferred revenue - Schedule 5	257,356	242,701
Other deferred revenue	10,079	8,806
Debenture debt (Note 4)	365,931	372,697
Employee benefits and post employment liabilities (Note 6)	114,228	107,327
Landfill closure and post closure liabilities (Note 7)	9,864	9,092
	920,576	895,296
NET FINANCIAL ASSETS	\$ 261,498	\$ 212,853
MUNICIPAL POSITION		
Operating Fund - Schedule 1	\$ -	\$ 230
Capital Fund - Schedule 2	164,298	174,929
Reserves and Reserve Funds - Schedule 3 (Note 5)	410,633	358,464
Fund balances	574,931	533,623
Amounts to be recovered in future years (Note 8)		
From Reserves and Reserve Funds	(51,912)	(45,928)
From future revenue	(261,521)	(274,842)
	(313,433)	(320,770)
MUNICIPAL POSITION	\$ 261,498	\$ 212,853

The accompanying notes and schedules are an integral part of these financial statements.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Statement of Financial Activities and Fund Balances
Year ended December 31, 2007
(in thousands of dollars)

	2007		2006
	Budget (Note 16)	Actual	Actual
REVENUES			
Regional taxes (including supplementary taxes)	\$ 428,155	\$ 432,056	\$ 407,771
User charges - Water and sewer	112,539	118,289	108,264
- Other	107,036	105,863	99,997
- Fines (Note 14)	5,500	5,900	5,540
Government transfers - Canada	12,016	11,800	11,838
- Ontario	159,990	167,231	164,017
Deferred revenue earned - Schedule 5	40,310	59,939	55,242
Contributions from developers	460	67	276
Other	7,854	44,728	40,717
TOTAL REVENUES	873,860	945,873	893,662
EXPENDITURES - Schedules 1 & 2 (Note 9)			
General government	33,229	33,375	33,549
Protection to persons and property	177,729	160,563	154,784
Transportation services	70,267	69,791	71,953
Transit	60,404	79,244	65,145
Environmental services	205,412	225,428	249,680
Health services	66,600	60,744	60,206
Social and family services	207,503	210,099	204,680
Social housing	53,559	51,715	52,743
Planning and development	7,393	6,269	6,160
TOTAL EXPENDITURES	882,096	897,228	898,900
NET REVENUES (EXPENDITURES)	(8,236)	48,645	(5,238)
FINANCING ACTIVITIES			
Debt issued for Regional purposes	25,650	-	14,650
Regional debenture principal repayments	(13,690)	(13,708)	(12,649)
Increase in unfunded employee benefits and post employment liabilities	-	5,599	15,463
Increase in landfill closure and post closure liabilities	-	772	1,028
(DECREASE) INCREASE IN AMOUNTS TO BE RECOVERED IN FUTURE YEARS	11,960	(7,337)	18,492
CHANGE IN FUND BALANCE	3,724	41,308	13,254
FUND BALANCE, BEGINNING OF YEAR		533,623	520,369
FUND BALANCE, END OF YEAR		\$ 574,931	\$ 533,623

The accompanying notes and schedules are an integral part of these financial statements.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Statement of Changes in Financial Position
Year ended December 31, 2007
(in thousands of dollars)

	2007	2006
OPERATIONS		
Net revenues (expenditures)	\$ 48,645	\$ (5,238)
Uses		
Increase in accounts receivable	-	(10,769)
Increase in other assets	-	(35)
Decrease in other deferred revenue	-	(845)
	-	(11,649)
Sources		
Decrease in accounts receivable	17,393	-
Decrease in other assets	63	-
Increase in accounts payable and accrued liabilities	8,445	28,847
Increase in deferred revenue	14,655	29,454
Increase in other deferred revenue	1,273	-
Increase in employee benefits and post employment liabilities	6,901	17,907
Increase in landfill closure and post closure liabilities	772	1,028
	49,502	77,236
Net increase in cash from operations	98,147	60,349
INVESTING		
Net increase in investments	(86,246)	(65,172)
FINANCING		
Debt issued for Regional purposes	-	14,650
Regional debenture principal repayments	(13,708)	(12,649)
Net (decrease) increase in cash from financing activities	(13,708)	2,001
NET DECREASE IN CASH	(1,807)	(2,822)
CASH, BEGINNING OF YEAR	14,858	17,680
CASH, END OF YEAR	\$ 13,051	\$ 14,858

The accompanying notes and schedules are an integral part of these financial statements.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Notes to the Consolidated Financial Statements

December 31, 2007

(in thousands of dollars)

1. MUNICIPAL STRUCTURE

The Corporation of the Regional Municipality of Durham ("the Region") came into existence on October 15, 1973 and assumed its responsibilities on January 1, 1974, under authority of the *Regional Municipality of Durham Act, 1973*, and operates as an upper tier government in the Province of Ontario, Canada.

The Region comprises the following local municipalities:

- Town of Ajax
- Township of Brock
- Municipality of Clarington
- City of Oshawa
- City of Pickering
- Township of Scugog
- Township of Uxbridge
- Town of Whitby

and is responsible for services within these local municipalities related to the following:

- Protection to persons and property, including Police, Conservation Authorities, Emergency Planning, Fire Co-ordination and 911 emergency telephone services.
- Transportation Services, including all Regional Roadways and Traffic Control.
- Public Transit Services.
- Environmental Services, including the Water Supply System, Sanitary Sewer System, Regional Storm Sewer System and Solid Waste Management.
- Health Services, including Public Health Services and Inspections.
- Emergency Medical Services.
- Social and Family Services, including Ontario Works, Services for Seniors, and Children's Services.
- Social Housing Services, including provision of subsidized housing, rent supplement programs and homeless shelters.
- Planning, including official plan administration.
- Regional Development and Promotion.
- Administration, prosecution and collection of fines under the *Provincial Offences Act (POA)*.
- Financial, including all debt issues and property tax policy.

2. SUMMARY OF ACCOUNTING POLICIES

The Consolidated Financial Statements of the Region are representations of management prepared in accordance with generally accepted accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the Region and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the Region and is the difference between financial assets and liabilities. This information explains the Region's overall future revenue requirements and its ability to finance activities and meet its obligations.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Notes to the Consolidated Financial Statements

December 31, 2007

(in thousands of dollars)

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(a) *Reporting Entity*

- i. The consolidated financial statements reflect financial assets, liabilities, revenues and expenditures of the Operating Fund, Reserves, Reserve Funds, and Capital Fund of the Region. These consolidated financial statements include the Durham Regional Police Services Board, Durham Region Transit Commission, and the Durham Regional Local Housing Corporation as these entities are controlled by the Region. Operations of other social housing providers are not consolidated in these financial statements as the Region does not exercise control over them. Funding paid to these providers is recorded as Social Housing expenditures in the Consolidated Statement of Financial Activities and Fund Balances.
- ii. Trust Funds administered by the Region are not included in these consolidated financial statements. Trust Funds are disclosed separately in the Trust Funds Statement of Financial Activities and Fund Balances and the Trust Funds Statement of Financial Position.

(b) *Basis of Accounting*

- i. **Accrual Basis of Accounting**
Expenditures and related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due. Transactions between funds are recorded as inter-fund transfers in the supporting schedules, and are eliminated on the Consolidated Statement of Financial Position and the Consolidated Statement of Financial Activities and Fund Balances.
- ii. **Tangible Capital Assets**
The historical cost and accumulated depreciation of tangible capital assets are not reported for municipal purposes. Tangible capital assets are reported as expenditures in the Consolidated Statement of Financial Activities and Fund Balances in the year of acquisition.
- iii. **Pension and Employee Benefits**
The Region accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.
Employee benefits include vacation entitlement, sick leave benefits and certain post employment benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits and other post employment benefits are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining service life of the employee groups.
- iv. **Deferred Revenue**
Government transfers of gas taxes and development charges collected under the *Development Charges Act, 1997* are reported as deferred revenue in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the period in which related expenditures are incurred.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Notes to the Consolidated Financial Statements
December 31, 2007
(in thousands of dollars)

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

- v. Investments
Investments consist of bonds and money market notes and are recorded at the lower of cost plus accrued interest and market value.
- vi. Government Transfers
Government transfers are recognized in the period in which the events giving rise to the transfers occur, providing the transfers are authorized, eligibility criteria are met, and reasonable estimates of the amounts can be made. Significant transfers recognized as revenue include Social Assistance, Children's Services, Health Services, Services for Seniors and Emergency Medical Services cost shared programs. Significant transfers recognized as expenditures include Social Assistance payments to individuals and payments to Social Housing providers.
- vii. Use of Estimates
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

3. INVESTMENTS

Investments have a book value of \$949,881 (2006 – \$863,642) and a market value of \$949,602 (2006 – \$863,356).

4. DEBENTURE DEBT

(a) Debenture debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2007	2006
Total debenture debt incurred	\$ 365,931	\$ 372,697
Less debenture debt recoverable from local municipalities and school boards	(166,133)	(159,191)
Net Regional debenture debt	\$ 199,798	\$ 213,506

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Notes to the Consolidated Financial Statements

December 31, 2007

(in thousands of dollars)

4. DEBENTURE DEBT (CONTINUED)

Interest rates for the debenture debt range from 3.75 percent to 10 percent, with maturities between September 2008 and October 2028. Local municipalities and school boards assumed responsibility for payment of principal and interest charges. The Region is contingently liable for these debentures.

(b) The net Regional debenture debt principal repayments required over the next five years are as follows:

	2008	2009	2010	2011	2012
Water Supply Operation	\$ 3,815	\$ 4,040	\$ 4,281	\$ 4,532	\$ 2,815
Sanitary Sewerage Operation	4,703	4,925	4,637	4,791	4,959
Homes for the Aged	4,499	4,767	16,078	3,417	2,959
General Government	1,436	1,519	1,606	1,699	1,796
	\$ 14,453	\$ 15,251	\$ 26,602	\$ 14,439	\$ 12,529

These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(c) Total interest charges for net Regional debenture debt reported on the Consolidated Statement of Financial Activities and Fund Balances are \$11,705 (2006 - \$12,060).

Of the total charges shown above, \$6,984 (2006 - \$7,317) was paid from general revenues of the Region, \$1,427 (2006 - \$1,645) was recovered from the water supply operation and \$3,294 (2006 - \$3,098) was recovered from the sanitary sewerage operation. These amounts are included on the Consolidated Statement of Financial Activities and Fund Balances, classified under the appropriate functional expenditure headings.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Notes to the Consolidated Financial Statements

December 31, 2007

(in thousands of dollars)

5. RESERVES AND RESERVE FUNDS

Reserves and Reserve Funds set aside for specific purposes by Council are comprised as follows:

	2007	2006
Reserves		
Working capital	\$ 31,435	\$ 29,791
Property tax assessment appeals	12,840	12,520
Equipment replacement	18,231	13,578
Regional roads	4,211	4,030
Contingencies	400	400
Sick leave	39,123	34,862
Capital	50,045	47,133
Homes for the aged	1,133	1,133
Employee benefits	5,161	4,283
University of Ontario Institute of Technology	1,991	1,585
Total Reserves	164,570	149,315
Total Reserve Funds (Schedule 4)	246,063	209,149
Total Reserves and Reserve Funds (Schedule 3)	\$ 410,633	\$ 358,464

6. EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES

The Region provides certain employee benefits that require funding in future periods. These benefits include extended health and dental, sick leave, and benefits mandated under the *Workplace Safety and Insurance Act*. The accrued benefit liability and expense amounts are based on the results determined by an actuary as at December 31, 2007, based on the actuarial valuation performed as at December 31, 2006. These benefits are comprised of:

	2007	2006
Sick leave benefits	\$ 59,626	\$ 57,066
Post employment benefits	41,813	39,195
Workplace safety and insurance benefits	12,789	11,066
Total employee benefits and post employment liabilities	114,228	107,327
Less: post retirement liability recognized for existing retirees	(10,457)	(9,155)
Total employee benefits and post employment liabilities to be recovered in future years	\$ 103,771	\$ 98,172

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Notes to the Consolidated Financial Statements

December 31, 2007

(in thousands of dollars)

6. EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES (CONTINUED)

Significant management assumptions used in the actuarial valuations are:

Discount rate	5-6 percent
Inflation rate	2-3 percent
Dental benefit cost escalation	5 percent
Medical benefit cost escalation	10 percent reducing to 5 percent over 15 years

The Region's employee benefit liabilities include plan amendments due to the assumption of Transit services by the Region, effective January 1, 2006.

(a) Sick Leave Benefits

Employees accrue sick leave benefits for future use. In addition, certain sick leave benefit plans provide for accumulation of unused benefits and employees may become entitled to a cash payment when they leave the Region's employment. Liabilities for these two components of sick leave benefits are determined by actuarial valuations, the results of which are:

	2007	2006
Liability for sick leave benefits		
Accrued benefit obligation - beginning of year	\$ 54,651	\$ 50,738
Increase due to assumption of transit	-	1,261
Current period benefit cost	4,463	5,090
Interest on accrued benefit obligations	2,733	2,950
Actuarial gains	-	(1,302)
Benefit payments	(4,455)	(4,086)
Accrued benefit obligation - end of year	57,392	54,651
Unamortized actuarial gains	2,234	2,415
Liability for sick leave benefits	\$ 59,626	\$ 57,066
Sick leave benefit expense		
Current period benefit costs	\$ 4,463	\$ 5,090
Interest on accrued benefit obligations	2,733	2,950
Amortization of actuarial gains	(181)	(92)
Total sick leave benefit expense	\$ 7,015	\$ 7,948

The actuarial gains are amortized over the expected average remaining service life of 11 to 13 years.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Notes to the Consolidated Financial Statements

December 31, 2007

(in thousands of dollars)

6. EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES (CONTINUED)

(b) Post Employment Benefits

The Region provides continued benefits to qualifying employees following retirement. Benefit entitlement ceases at age 65, with exception of Police Service employees whose entitlement ceases at age 70 and certain Transit employees whose coverage is maintained for life. The results of the update of the most recent actuarial valuation are as follows:

	2007	2006
Liability for post employment benefits		
Accrued benefit obligation - beginning of year	\$ 45,613	\$ 29,837
Increase due to assumption of transit	-	8,773
Current period benefit cost	1,886	1,655
Interest on accrued benefit obligations	2,277	2,315
Actuarial losses	-	4,733
Benefit payments	(2,044)	(1,700)
Accrued benefit obligation - end of year	47,732	45,613
Unamortized actuarial losses	(5,919)	(6,418)
Liability for post employment benefits	\$ 41,813	\$ 39,195
Post employment benefit expense		
Current period benefit costs	\$ 1,886	\$ 1,655
Interest on accrued benefit obligations	2,277	2,315
Amortization of actuarial losses	499	140
Total post employment benefit expense	\$ 4,662	\$ 4,110

The actuarial losses are amortized over the expected average remaining service life of 11 to 15 years.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Notes to the Consolidated Financial Statements

December 31, 2007

(in thousands of dollars)

6. EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES (CONTINUED)

(c) Workplace Safety and Insurance Benefits (WSIB)

The Region is a Schedule II employer under the *Workplace Safety and Insurance Act* and follows a policy of self-insurance for employees. Accordingly, the Region assumes liability for awards made under the Act, reimbursing the Workplace Safety and Insurance Board for costs relating to its workers' claims. The results of the update of the most recent actuarial valuation are as follows:

	2007	2006
Liability for WSIB		
Accrued benefit obligation - beginning of year	\$ 13,123	\$ 13,963
Increase due to assumption of transit	-	179
Current period benefit cost	3,340	2,325
Actuarial gains	-	(1,941)
Interest on accrued benefit obligations	675	851
Benefit payments	(2,597)	(2,254)
Accrued benefit obligation - end of year	14,541	13,123
Unamortized actuarial losses	(1,752)	(2,057)
Liability for WSIB	\$ 12,789	\$ 11,066
WSIB expense		
Current period benefit costs	\$ 3,340	\$ 2,325
Interest on accrued benefit obligations	675	851
Amortization of actuarial losses	305	500
Total WSIB expense	\$ 4,320	\$ 3,676

The actuarial gains/losses are amortized over the mean term of the liabilities, which is 10 years.

7. LANDFILL CLOSURE AND POST CLOSURE LIABILITIES

The Region owns and operates one active landfill site and six closed landfill sites. The total estimated cost (using a discount factor of 6 percent less an estimated inflation factor of 3 percent) for closure and post closure care is \$10,626 (2006 - \$9,515). The amount reported on the Consolidated Statement of Financial Position is \$9,864 (2006 - \$9,092) and the amount remaining to be recognized is \$762 (2006 - \$423).

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Notes to the Consolidated Financial Statements

December 31, 2007

(in thousands of dollars)

7. LANDFILL CLOSURE AND POST CLOSURE LIABILITIES (CONTINUED)

The Region is responsible for post closure care at the closed sites, which includes monitoring of ground and surface water, leachate and gas, ongoing maintenance and annual reporting, for a period of 40 years. Closure costs include final cover and vegetation, drainage control features, leachate control or monitoring systems, water quality monitoring systems, gas monitoring and recovery, land acquisition (buffer zones), site remediation, and site closure reports.

The liability for closure and post closure care is recognized as capacity of each site is used. For closed sites, 100 percent of the liability is recognized. A recent comprehensive review revised the estimated remaining capacity of the active site to 756,000 cubic metres (2006 – 186,000 cubic metres) of disposal capacity, based on the Provisional Certificate of Approval. At current volumes, an additional 86 years (2006 – 21 years) of capacity remains.

8. AMOUNTS TO BE RECOVERED IN FUTURE YEARS

Future years recoveries represent the requirement of the Region to raise funds in subsequent periods to finance unfunded liabilities.

	2007	2006
Unfunded employee benefits and post employment liabilities	\$ 103,771	\$ 98,172
Solid waste landfill closure and post closure liabilities	9,864	9,092
Net Regional debenture debt	199,798	213,506
Total future years recoveries	313,433	320,770
Funding available from Reserves and Reserve Funds		
Sick leave reserve	39,123	34,862
Workers' compensation reserve fund	12,789	11,066
	51,912	45,928
Amounts to be recovered from future revenue	\$ 261,521	\$ 274,842

A portion of the amounts to be recovered in future years will be recovered from deferred revenues earned.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Notes to the Consolidated Financial Statements
December 31, 2007
(in thousands of dollars)

9. EXPENDITURES BY OBJECT

The Consolidated Statement of Financial Activities and Fund Balances and Schedules 1 and 2 present the consolidated expenditures by function. The following classifies those same expenditures by object.

	2007	2006
Salaries, wages and employee benefits	\$ 385,546	\$ 372,709
Operating materials and supplies	99,779	100,548
Contracted services	89,927	84,968
Rents and financial expenses	15,555	14,583
External transfers	123,830	116,909
Capital expenditures	170,886	197,123
Debenture interest	11,705	12,060
Total expenditures by object	\$ 897,228	\$ 898,900

10. PENSION CONTRIBUTIONS

The Region contributed \$21,066 (2006 - \$18,881) to OMERS on behalf of 4,519 employees for current service. Contributions by employees were a similar amount. The Region's contributions are included on the Consolidated Statement of Financial Activities and Fund Balances classified under the appropriate functional expenditure headings.

11. CONTRACTUAL OBLIGATIONS

(a) Sanitary Sewerage System

In 1997, the Regional Municipality of Durham and the Regional Municipality of York jointly purchased certain sanitary sewerage systems from the Province of Ontario and entered into a joint operating agreement, whereby Durham operates and maintains these facilities. Each co-owner is responsible for its share of operating costs based on actual sewerage flows.

(b) Lease Commitments

The Region has commitments under various building lease agreements expiring in 2008 to 2012. These operating leases require approximate annual rental payments for the next five years as follows:

2008	\$ 2,205
2009	1,794
2010	1,566
2011	898
2012	275
Total	<u>\$ 6,738</u>

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Notes to the Consolidated Financial Statements

December 31, 2007

(in thousands of dollars)

11. CONTRACTUAL OBLIGATIONS (CONTINUED)

(c) Capital Works Commitments

The Region has contractual obligations for capital works of approximately \$24,439 (2006 - \$62,652). Financing for these commitments has been approved by Regional Council.

12. CONTINGENCY

The Region has been named as defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at December 31, 2007, and accordingly, no provision has been made in these financial statements for any liability that may result.

13. SOCIAL HOUSING REFORM ACT

Effective January 1, 2001, under the provisions of Bill 128 the Province of Ontario transferred the social housing units of the Ontario Housing Corporation located in the Region to the Durham Regional Local Housing Corporation (DRLHC), under the provisions of the *Ontario Business Corporations Act*, with the Regional Municipality of Durham as the sole shareholder. Financial activities of the DRLHC are reported in these consolidated financial statements.

Income producing properties acquired as a result of the transfer were originally financed by the Province of Ontario through general obligation provincial debentures. At the time of the transfer of ownership of the DRLHC to the Region, the Province did not transfer the responsibility for the repayment of the debentures. Accordingly, neither the value of the income producing properties nor the value of the related provincial debentures was recorded on the DRLHC's financial statements.

14. PROVINCIAL OFFENCES ADMINISTRATION

Effective December 4, 2000, the Region assumed responsibility for administering collection of revenues arising under the *Provincial Offences Act* ("POA") from the Ministry of the Attorney General. The Region performs court support, administration and collection functions for all related fines and fees and prosecutes matters under the POA. The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the *Highway Traffic Act*, *Compulsory Automobile Insurance Act*, *Trespass to Property Act*, *Liquor Licence Act*, municipal by-laws and minor federal offences. Offenders may pay their fines at any Provincial Offences court office in Ontario, at which time the receipts are recorded in the Integrated Courts Operation Network system ("ICON"). The Region recognizes fine revenue when the receipt of funds is recorded in ICON, regardless of the location where payment is made.

Gross revenues, consisting of fines levied under parts I and III (including delay penalties), for POA charges total \$5,900 (2006 - \$5,540). Net revenues amount to \$1,364 (2006 - \$1,397). Local municipalities share 60 percent of net revenues and the Region retains 40 percent or \$546 (2006 - \$558).

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Notes to the Consolidated Financial Statements

December 31, 2007

(in thousands of dollars)

15. TRUST FUNDS

Trust Funds administered by the Region, totalling \$798 (2006 - \$814), are presented in separate statements of financial position, financial activities and fund balances. As such, balances held in trust by the Region for the benefit of others have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities and Fund Balances.

16. BUDGET AMOUNTS

The operating and capital budgets, as approved by Regional Council, for 2007 are reflected on the Consolidated Statement of Financial Activities and Fund Balances, Consolidated Schedule of Operating Fund Financial Activities and Fund Balance, and the Consolidated Schedule of Capital Fund Financial Activities and Fund Balance. The budgets established for Capital Fund operations are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. As well, the Region does not budget activity within Reserves and Reserve Funds, with the exception being those transactions which affect either the Operating or Capital Funds. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements.

17. GUARANTEES

In the normal course of business, the Region enters into agreements that meet the definition of a guarantee. The Region's primary guarantees subject to the disclosure requirements include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements.

These indemnification agreements may require the Region to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Region from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability, which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Region has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the Consolidated Statement of Financial Position with respect to these agreements.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Notes to the Consolidated Financial Statements

December 31, 2007

(in thousands of dollars)

18. TANGIBLE CAPITAL ASSETS

For fiscal years beginning on or after January 1, 2009, the Region will be required to report the historical cost and the accumulated depreciation of tangible capital assets in its consolidated financial statements in accordance with the Public Sector Accounting Handbook section PS 3150 – Tangible Capital Assets. The Region is currently working towards obtaining the necessary information in order to comply with PS 3150. For 2007, Public Sector Guideline 7 requires the disclosure of tangible capital asset information in the notes to the consolidated financial statements to the extent that reliable information is available. The Region is currently working on obtaining the information to implement PS 3150, but as at December 31, 2007 the Region does not have detailed tangible capital asset information to disclose.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year financial statement presentation.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Operating Fund Financial Activities and Fund Balance

Year ended December 31, 2007

(in thousands of dollars)

Schedule 1

	2007		2006
	Budget	Actual	Actual
	(Note 16)		
REVENUES			
Regional taxes (including supplementary taxes)	\$ 428,155	\$ 432,056	\$ 407,771
User charges			
Water and sewer	112,539	118,289	108,264
Other	107,036	105,863	99,997
Fines	5,500	5,900	5,540
Government transfers			
Canada	12,016	11,800	11,838
Ontario	158,930	163,286	142,665
Deferred revenue earned - Schedule 5	9,900	9,914	10,247
Other	4,854	20,586	19,602
TOTAL REVENUES	838,930	867,694	805,924
EXPENDITURES			
General government	31,272	31,512	31,350
Protection to persons and property	154,401	155,947	149,222
Transportation services	25,344	26,454	26,496
Transit	45,870	48,291	53,215
Environmental services	147,985	142,723	134,508
Health services	62,868	58,862	55,860
Social and family services	204,348	206,079	193,902
Social housing	51,530	50,281	51,159
Planning and development	7,284	6,193	6,065
TOTAL EXPENDITURES	730,902	726,342	701,777
NET REVENUES	108,028	141,352	104,147
FINANCING ACTIVITIES AND TRANSFERS			
Regional debenture principal repayments	(13,690)	(13,708)	(12,649)
Increase in unfunded employee benefits and post employment liabilities	-	5,599	15,463
Increase in landfill closure and post closure liabilities	-	772	1,028
Transfer from Reserves and Reserve Funds	6,198	7,936	13,082
Transfer to Capital Fund	(54,231)	(44,121)	(45,580)
Transfer to Reserves and Reserve Funds	(46,305)	(98,060)	(75,491)
NET FINANCING ACTIVITIES AND TRANSFERS	(108,028)	(141,582)	(104,147)
CHANGE IN FUND BALANCE	-	(230)	-
FUND BALANCE, BEGINNING OF YEAR	-	230	230
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 230

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Capital Fund Financial Activities and Fund Balance

Year ended December 31, 2007

(in thousands of dollars)

Schedule 2

	2007		2006
	Budget	Actual	Actual
	(Note 16)		
REVENUES			
Deferred revenue earned - Schedule 5	\$ 30,410	\$ 50,025	\$ 44,995
Government transfers - Ontario	1,060	3,945	21,352
Contribution from developers	460	67	276
Other	3,000	14,261	13,431
TOTAL REVENUES	34,930	68,298	80,054
EXPENDITURES			
General government	1,957	1,863	2,199
Protection to persons and property	23,328	4,616	5,562
Transportation services	44,923	43,337	45,457
Transit	14,534	30,953	11,930
Environmental services	57,427	82,705	115,172
Health services	3,732	1,882	4,346
Social and family services	3,155	4,020	10,778
Social housing	2,029	1,434	1,584
Planning and development	109	76	95
TOTAL EXPENDITURES	151,194	170,886	197,123
NET EXPENDITURES	(116,264)	(102,588)	(117,069)
FINANCING ACTIVITIES AND TRANSFERS			
Debt issued for Regional purposes	25,650	-	14,650
Transfer from Operating Fund	54,231	44,121	45,580
Transfer from Reserves and Reserve Funds	36,383	47,836	55,773
NET FINANCING ACTIVITIES AND TRANSFERS	116,264	91,957	116,003
CHANGE IN FUND BALANCE	-	(10,631)	(1,066)
FUND BALANCE, BEGINNING OF YEAR	-	174,929	175,995
FUND BALANCE, END OF YEAR	\$ -	\$ 164,298	\$ 174,929

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Reserves and Reserve Funds Financial Activities and Fund Balance

Year ended December 31, 2007

(in thousands of dollars)

Schedule 3

	2007		2006
	Budget (Note 16)	Actual	Actual
REVENUES			
Interest	\$ -	\$ 9,881	\$ 7,684
TOTAL REVENUES	-	9,881	7,684
TRANSFERS			
Transfer from Operating Fund	46,305	98,060	75,491
Transfer to Capital Fund	(36,383)	(47,836)	(55,773)
Transfer to Operating Fund	(6,198)	(7,936)	(13,082)
NET TRANSFERS	3,724	42,288	6,636
CHANGE IN FUND BALANCE	3,724	52,169	14,320
FUND BALANCE, BEGINNING OF YEAR		358,464	344,144
FUND BALANCE, END OF YEAR		\$ 410,633	\$ 358,464

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Continuity of Reserve Funds

Year ended December 31, 2007

(in thousands of dollars)

Schedule 4

	BALANCE, BEGINNING OF YEAR	REVENUES/CONTRIBUTIONS			TRANSFERS			BALANCE, END OF YEAR
		Interest on Investments	From Operating Fund	Total	To Operating Fund	To Capital Fund	Total	
	\$	\$	\$	\$	\$	\$	\$	\$
Treatment plant/rate stabilization								
Sanitary sewerage	43,402	1,930	9,120	11,050	-	-	-	54,452
Water supply	25,499	1,090	4,911	6,001	-	10,000	10,000	21,500
Regional share of non-residential development								
Sanitary Sewage Works	3,737	163	-	163	-	-	-	3,900
Water supply	2,938	129	-	129	-	-	-	3,067
Solid waste management	10,628	508	2,580	3,088	-	-	-	13,716
General levy stabilization	45,622	2,015	21,288	23,303	2,965	-	2,965	65,960
Industrial land	1,329	58	-	58	-	-	-	1,387
Foreign exchange	4,223	185	-	185	-	-	-	4,408
Workers' compensation	21,229	949	991	1,940	20	-	20	23,149
York/Durham sanitary sewerage	4,151	192	231	423	-	90	90	4,484
Insurance	13,031	539	1,936	2,475	1,756	-	1,756	13,750
Social housing	9,670	462	1,368	1,830	-	-	-	11,500
Roads rehabilitation	864	433	9,025	9,458	-	9,045	9,045	1,277
Asset Management	19,893	1,029	3,638	4,667	-	6,254	6,254	18,306
Other miscellaneous reserve funds	2,933	199	3,017	3,216	942	-	942	5,207
Total	209,149	9,881	58,105	67,986	5,683	25,389	31,072	246,063

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Deferred Revenue

Year ended December 31, 2007

(in thousands of dollars)

Schedule 5

	BALANCE, BEGINNING OF YEAR	INCREASE IN DEFERRED REVENUE				DEFERRED REVENUE EARNED			BALANCE, END OF YEAR
		Interest	Government transfers	Development charges collected	Total	To Operating Fund	To Capital Fund	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Development Charges									
Residential & Commercial									
Sanitary sewerage	52,501	1,852	-	13,905	15,757	3,816	6,571	10,387	57,871
Water supply	104,919	3,285	-	18,260	21,545	4,039	7,077	11,116	115,348
Roads	54,534	1,502	-	16,958	18,460	-	14,187	14,187	58,807
Transit	4,856	166	-	1,555	1,721	-	1,295	1,295	5,282
Residential									
Waste	4,666	204	-	-	204	-	4,870	4,870	-
Police	5,053	234	-	665	899	-	-	-	5,952
Homes for the Aged	858	42	-	267	309	237	-	237	930
Development Charge Study	213	10	-	32	42	63	-	63	192
GO Transit	2,831	135	-	2,009	2,144	-	4,975	4,975	-
Emergency Medical Services	1,269	61	-	303	364	-	-	-	1,633
Federal Gas Tax	8,614	266	6,597	-	6,863	-	8,112	8,112	7,365
Provincial Gas Tax	2,387	196	6,090	-	6,286	1,759	2,938	4,697	3,976
Total	242,701	7,953	12,687	53,954	74,594	9,914	50,025	59,939	257,356



Annual report 2007

Trust Funds: Financial Statements
and Auditors' Report

for the year ended December 31, 2007

Auditors' Report

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of the
Regional Municipality of Durham

We have audited the statement of financial position of the trust funds of the Corporation of the Regional Municipality of Durham as at December 31, 2007 and the statement of financial activities and fund balances for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the Regional Municipality of Durham as at December 31, 2007 and the results of their operations and their cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
May 16, 2008

**THE CORPORATION OF THE REGIONAL
MUNICIPALITY OF DURHAM**

Trust Funds: Statement of Financial Position

December 31, 2007

(in thousands of dollars)

	2007						2006
	Homes for the Aged			Social	Miscellaneous		
	Residents	Donations	Bequests	Services	Donations	Total	Total
FINANCIAL ASSETS							
Cash and investments	\$ 439	\$ 139	\$ 138	\$ 6	\$ 76	\$ 798	\$ 814
FUND BALANCES	\$ 439	\$ 139	\$ 138	\$ 6	\$ 76	\$ 798	\$ 814

**THE CORPORATION OF THE REGIONAL
MUNICIPALITY OF DURHAM**

Trust Funds: Statement of Financial Activities and Fund Balances

Year ended December 31, 2007

(in thousands of dollars)

	2007						2006
	Homes for the Aged			Social	Miscellaneous		
	Residents	Donations	Bequests	Services	Donations	Total	Total
REVENUES							
Residents	\$ 1,280	\$ 37	\$ 11	\$ -	\$ -	\$ 1,328	\$ 1,332
Recipients	-	-	-	35	-	35	28
Interest earned	19	6	7	-	1	33	29
TOTAL REVENUES	1,299	43	18	35	1	1,396	1,389
EXPENDITURES ON BEHALF OF:							
Residents	1,300	47	29	-	-	1,376	1,385
Recipients	-	-	-	36	-	36	31
TOTAL EXPENDITURES	1,300	47	29	36	-	1,412	1,416
NET (EXPENDITURES) REVENUES	(1)	(4)	(11)	(1)	1	(16)	(27)
FUND BALANCES, BEGINNING OF YEAR	440	143	149	7	75	814	841
FUND BALANCES, END OF YEAR	\$ 439	\$ 139	\$ 138	\$ 6	\$ 76	\$ 798	\$ 814

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Notes to the Trust Funds Financial Statements
December 31, 2007

1. ACCOUNTING POLICIES

The financial statements of the trust funds of the Corporation of the Regional Municipality of Durham are the representations of management prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies:

Basis of Accounting:

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenue. Expenditures are recorded in the period the goods and services are acquired and a liability is incurred.

Investments:

Investments are recorded at cost. The cost of investments approximates their fair market value.

Use of Estimates:

The preparation of the periodic financial statements in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the period. Actual results could differ from these estimates.

2. STATEMENT OF CASH FLOWS

A statement of cash flows has not been included in these financial statements as the information that would be provided is readily available from the information presented.



annual report 2007

The Regional Municipality of Durham
Statistical Review: 2003 to 2007

THE CORPORATION OF THE REGIONAL
MUNICIPALITY OF DURHAM
STATISTICAL REVIEW (UNAUDITED)
Years Ended 2003 to 2007
(in thousands of dollars)

	2007	2006	Restated 2005	2004	2003
	\$	\$	\$	\$	\$
CURRENT OPERATIONS					
Analysis of Revenues					
Regional taxes	432,056	407,771	372,064	341,532	312,463
User charges					
Water and sewer	118,289	108,264	102,822	92,542	85,913
Other	105,863	99,997	76,701	75,308	59,508
Fines	5,900	5,540	4,744	5,495	5,592
Government Transfers					
Canada	11,800	11,838	11,312	10,409	10,391
Ontario	163,286	142,665	130,142	113,570	108,006
Deferred revenue earned	9,914	10,247	6,949	6,493	6,417
Other	20,586	19,602	20,019	22,693	20,239
TOTAL REVENUES	867,694	805,924	724,753	668,042	608,529
Analysis of Expenditures by Object					
Salaries, wages and employee benefits	385,546	372,709	313,594	288,299	258,920
Operating and general expenditure	205,261	200,099	163,724	155,431	137,687
External transfers	123,830	116,909	119,033	111,857	110,280
Debenture interest	11,705	12,060	12,252	8,924	6,799
TOTAL EXPENDITURES	726,342	701,777	608,603	564,511	513,686
Analysis of Expenditures by Function					
General government	31,512	31,350	36,826	26,987	25,563
Protection to persons and property	155,947	149,222	139,517	128,469	115,642
Transportation services	26,454	26,496	23,976	28,723	27,335
Transit	48,291	53,215	7,199	n/a	n/a
Environmental services	142,723	134,508	125,922	114,981	99,556
Health services	58,862	55,860	50,370	45,937	40,551
Social and family services	206,079	193,902	171,253	165,101	152,610
Social housing	50,281	51,159	47,806	48,885	47,170
Planning and development	6,193	6,065	5,734	5,428	5,259
TOTAL EXPENDITURES	726,342	701,777	608,603	564,511	513,686
NET REVENUES	141,352	104,147	116,150	103,531	94,843

THE CORPORATION OF THE REGIONAL
MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Years Ended 2003-2007

(in thousands of dollars)

	2007	2006	Restated 2005	2004	2003
	\$	\$	\$	\$	\$
CURRENT OPERATIONS (continued)					
Financing Activities and Transfers					
Debt principal repayments	(13,708)	(12,649)	(10,053)	(7,604)	(7,484)
Inc/(Decr) in unfunded employee benefits and post employment liabilities	5,599	15,463	5,369	4,454	(805)
Inc/(Decr) in landfill closure and post closure liability	772	1,028	4,691	102	91
Transfer from Reserves and Reserve Funds	7,936	13,082	39,895	19,876	8,518
Transfer to Capital Fund	(44,121)	(45,580)	(84,728)	(63,754)	(46,523)
Transfer to Reserves and Reserve Funds	(98,060)	(75,491)	(71,324)	(56,605)	(48,640)
NET FINANCING ACTIVITIES AND TRANSFERS	(141,582)	(104,147)	(116,150)	(103,531)	(94,843)
CHANGE IN FUND BALANCE	(230)	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	230	230	230	230	230
FUND BALANCE, END OF YEAR	-	230	230	230	230

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Years Ended 2003 to 2007

(in thousands of dollars)

	2007	2006	2005	2004	2003
	\$	\$	\$	\$	\$
CAPITAL OPERATIONS					
Analysis of Revenues					
Government transfers					
Ontario	3,945	21,352	-	-	-
Deferred revenue earned	50,025	44,995	28,811	38,364	14,620
Contribution from developers	67	276	1,181	670	366
Other	14,261	13,431	9,492	17,055	11,798
TOTAL REVENUES	68,298	80,054	39,484	56,089	26,784
Analysis of Expenditures by Function					
General government	1,863	2,199	35,576	37,419	17,533
Protection to persons and property	4,616	5,562	5,541	8,573	12,924
Transportation services	43,337	45,457	31,275	29,788	37,058
Transit	30,953	11,930	n/a	n/a	n/a
Environmental services	82,705	115,172	80,402	50,231	32,559
Health services	1,882	4,346	1,697	3,615	4,697
Social and family services	4,020	10,778	32,806	21,793	5,359
Social housing	1,434	1,584	1,103	1,876	980
Planning and development	76	95	81	148	113
TOTAL EXPENDITURES	170,886	197,123	188,481	153,443	111,223
NET EXPENDITURES	(102,588)	(117,069)	(148,997)	(97,354)	(84,439)
Financing Activities					
Proceeds from debentures	-	14,650	40,000	71,622	40,000
Transfer from Operating Fund	44,121	45,580	84,728	63,754	46,523
Transfer from Reserves and Reserve Funds	47,836	55,773	32,971	38,721	32,485
NET FINANCING AND TRANSFERS	91,957	116,003	157,699	174,097	119,008
CHANGE IN FUND BALANCE	(10,631)	(1,066)	8,702	76,743	34,569
FUND BALANCE, BEGINNING OF YEAR	174,929	175,995	167,293	90,550	55,981
FUND BALANCE, END OF YEAR	164,298	174,929	175,995	167,293	90,550

THE CORPORATION OF THE REGIONAL
MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Years Ended 2003 to 2007

(in thousands of dollars)

	2007	2006	2005	2004	2003
	\$	\$	\$	\$	\$
RESERVES AND RESERVE FUNDS					
Interest	9,881	7,684	5,765	4,999	6,123
TOTAL REVENUE	9,881	7,684	5,765	4,999	6,123
Transfers					
Transfer from Operating Fund	98,060	75,491	71,324	56,605	48,640
Transfer to Capital Fund	(47,836)	(55,773)	(32,971)	(38,721)	(32,485)
Transfer to Operating Fund	(7,936)	(13,082)	(39,895)	(19,876)	(8,518)
NET TRANSFERS	42,288	6,636	(1,542)	(1,992)	7,637
CHANGE IN FUND BALANCE	52,169	14,320	4,223	3,007	13,760
FUND BALANCE, BEGINNING OF YEAR	358,464	344,144	339,921	336,914	323,154
FUND BALANCE, END OF YEAR	410,633	358,464	344,144	339,921	336,914

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Years Ended 2003 to 2007

(in thousands of dollars)

	2007	2006	2005	2004	2003
	\$	\$	\$	\$	\$
OBLIGATIONS					
Debt Incurred					
Total debenture debt	365,931	372,697	351,228	297,809	215,170
Debt assumed for others*	(166,133)	(159,191)	(139,723)	(116,251)	(97,630)
Net regional debt	199,798	213,506	211,505	181,558	117,540
Recovered from:					
Tax levy/user rates	159,794	168,854	165,442	145,304	80,438
Other/Reserve Funds	40,004	44,652	46,063	36,254	37,102
	199,798	213,506	211,505	181,558	117,540
Net regional debt per capita (\$)	331	362	366	322	214
Net regional debt percentage of total expenditures (%)	22.3	23.8	26.5	25.3	18.8
Debt Servicing					
Debt servicing payments	25,413	24,709	22,305	16,528	14,283
Debt servicing as percentage of operating expenditures (%)	3.5	3.5	3.7	2.9	2.8
Annual debt repayment limit	122,381	107,334	103,250	94,529	88,373
TAXABLE ASSESSMENT (in millions)**					
Residential and farm (including multiple residentials)	46,464	45,011	38,959	37,589	32,313
Industrial and commercial	6,142	5,954	5,191	5,016	4,613
Farmland	1,054	1,063	978	984	887
Other	176	176	199	194	165
Total	53,836	52,204	45,327	43,783	37,978
Assessment analysis					
Annual tax assessment growth rate (%)	2.6	3.0	3.4	3.1	3.0

* School boards and local municipalities

** Current value assessment includes provincially mandated reassessments for 2003, 2004 and 2006.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Years Ended 2003 to 2007

	2007	2006	2005	2004	2003
Miscellaneous Information					
Full time employees	4,200	4,022	3,767	3,724	3,589
Building permit values (\$millions)**	1,425	1,548	1,558	1,305	1,739
Average monthly social assistance case load	6,355	6,568	6,010	5,753	5,605
Kilometres of roads	2,144	2,119	2,115	2,111	2,094
Annual volume of treated waste water (megalitres)	75,855	77,749	75,604	75,593	73,838
Annual supply of treated drinking water (megalitres)	73,322	72,534	78,012	74,772	75,111
Annual disposal of residential solid waste (tonnes)	116,285	133,896	148,709	149,424	144,937
Annual diversion of residential solid waste (tonnes)	116,671	105,767	83,317	78,873	86,537
Regular service passenger Transit trips (000's) *	7,616	6,942	n/a	n/a	n/a
Tax collection rate**	95.5	96.0	96.0	95.8	95.3
	\$	\$	\$	\$	\$
Benchmark Information					
Operating costs for police services per capita	208	203	191	179	169
Operating costs for paved (hard top) roads per paved lane kilometre	1,607	1,657	1,615	1,458	1,457
Operating costs for winter maintenance of roadways per lane kilometre maintained in winter	4,103	3,067	4,275	3,436	3,419
Operating costs for collection, treatment and disposal of wastewater per megalitre	443	414	368	370	344
Operating costs for treatment and distribution of drinking water per megalitre	520	476	415	411	370
Operating costs for solid waste disposal per tonne	113	109	101	89	90
Operating costs for solid waste diversion (recycling) per tonne	134	117	92	85	78
Demographics					
Population***	603,095	589,850	577,400	563,410	549,815
Households	210,495	196,405	191,500	186,060	180,790

* Transit was transferred to the Region from the local area municipalities on January 1, 2006

** Lower-tier municipalities are responsible for collecting taxes and issuing building permits

*** Source: "Monitoring of Growth Trends" report dated April 22, 2008 as estimated by Durham Region Planning Department.

THE CORPORATION OF THE REGIONAL
MUNICIPALITY OF DURHAM
STATISTICAL REVIEW (UNAUDITED)
Years Ended 2003 to 2007

Principal Corporate Taxpayers

General Motors of Canada Ltd.
Ontario Power Generation
Loblaws Properties Limited
Blue Circle Canada Ltd.
Enbridge Gas Distribution
Gerdau-AmeriSteel Corp.
Johnson Controls
Hydro One Networks Inc.
Atlantic Packaging Products
Sobeys Capital Incorporated

Data sources for the 5-year review are as follows:

Financial Reports and Financial Information Returns of the Regional Municipality of Durham,
Statistics Canada and the Durham Region Planning and Economic Development and Tourism departments.



The Regional Municipality of Durham
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